

Australia	Oct. 18	Indonesia	Rs 2500	Portugal	Rs 80
Bahrain	Rs 3,950	Iraq	L 1300	S. Africa	Rs 600
Bulgaria	Rs 742	Jordan	Le 400	Singapore	Rs 4,10
Canada	C\$1.08	Kuwait	Fr 500	Spain	Rs 110
Cyprus	C\$3.68	Lebanon	Fr 500	Sri Lanka	Rs 30
Danmark	DKr 7.25	Lithuania	Fr 2,000	Taiwan	Rs 100
Egypt	£21.12	Malaysia	Rs 4,25	Sweden	Rs 850
Finland	Fr 8,000	Morocco	Fr 500	Switzerland	Fr 2,20
France	Fr 9,000	Moscow	Rs 300	Tunisia	Rs 950
Greece	Dr 70	Netherlands	Rs 6,00	U.S.A.	Rs 900
Hong Kong	HKS 12	New Zealand	Fr 2,25	Turkey	Rs 120
India	Rs 15	Philippines	Ps 20	U.K.	Rs 650

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday September 2 1985

No. 29,716

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Nuclear tests: the
silly season
excels itself, Page 15

World news

French train driver charged

The driver of a train that crashed in central France, killing 42 people, at the weekend has been charged with manslaughter. However, the examining magistrate in Chateauroux allowed him conditional freedom.

The magistrate announced his decision after more than five hours of hearings with Jean-Yves Brisset, 37, whom railway officials blamed for the crash in Argenton-Creuse.

According to the public prosecutor, the driver might face from one month to two years in jail. The accident was the least in less than two months on France's SNCF state-run railway.

Solidarity call

Poland's outlawed trade union Solidarity wants to revive debate and re-open dialogue with Communist authorities to pull the country out of crisis, union leader Lech Wałęsa said in Gdańsk. Page 2

Gunman confesses

Palestinian gunman arrested in Athens on Friday carrying a suitcase containing an ammonite gun, ammunition, a grenade and a flick-knife, has confessed to police to planning to assassinate Awwad Al-Khalid, Jordan's ambassador to Greece.

Hurricane fears

Hurricane Elena, which is threatening Florida, was lurking 50 miles out at sea and perplexing forecasters as to when and where it would move. More than half a million residents and tourists have been forced to flee inland.

Satellite repaired

Two astronauts aboard the U.S. space shuttle Discovery have successfully completed a repair in orbit of a crippled satellite during a record seven-hour space walk.

Soldiers wounded

Two members of the Israeli-backed South Lebanon Army (SLA) militia have been wounded by a land mine inside Israel's "security zone."

Election forecast

Sweden's Social Democratic Party will win the general election on September 15, but with reduced support, according to the first forecast of the election published at the weekend by one of the country's leading opinion research institutes. Page 2

Hungary visit

U.S. Agriculture Secretary John Block has begun a two-day visit to Budapest at the invitation of his Hungarian counterpart Jeno Vancza.

Mid-East tour

West German Foreign Minister Hans-Dietrich Genscher has arrived in Kuwait from Syria on the second leg of a Middle East tour with officials pledging that Bonn would do all it could to promote peace in the region.

Ex-minister dies

Sir Mohammad Zafarullah Khan, Pakistan's first foreign minister, has died in Islamabad, aged 82. He was a former president of the United Nations General Assembly and of the International Court of Justice.

Tibetans protest

Hundreds of exiled Tibetans staged an angry demonstration outside the Chinese Embassy in New Delhi to protest against celebrations marking the 20th anniversary of Tibet's designation as a Chinese autonomous region.

Race driver killed

West German motor-racing driver Stefan Bellot died after his car collided with another vehicle and smashed into a barrier during the Spa 1,000-km sports car race at Francorchamps, Belgium.

Business summary

BI-Invest formally gives up control

BI-INVEST, the Milan-based financial group, has formally surrendered to Montedison, Italy's giant chemical group, which already owns 38.8 per cent of the company. Montedison is to consolidate its grip on the company by acquiring the shareholdings of the Bonomi family, estimated at round 32 per cent. Sig Carlo Bonomi has resigned as chairman and managing director of BI-Invest. Page 16

EUROPEAN Monetary System: The Milan-based group remained the weakest member of the EMS last week although it showed a small improvement

in August.

At a news conference, Mr. Baudez du Plessis, Finance Minister, said the freeze was the result of the refusal of certain foreign banks to renew credit facilities previously made available to South African banks.

He said that, while South Africa was quite capable of repaying its debts, the refusal of foreign banks to roll over loans had created a serious cash-flow problem.

The minister denied that Dr Gerhard de Kock, Governor of the South African reserve bank, had tried to raise credit lines from international banks in recent days. He said the Governor had merely travelled abroad to brief foreign central and commercial banks on the strategy South Africa intended to adopt.

The minister said the central bank would be an active participant in the foreign exchange market when dealings resume today. But he declined to forecast at what level the rand was likely to take.

He described the reintroduction of the two-tier exchange-rate system as a consequence of the freeze

movement against its central rate from the week before. A fall in the Belgian inflation rate injected confidence, while a firmer trend in the U.S. dollar depressed the D-Mark and lessened pressure on the weaker members. Trading was rather quiet for much of the time as business volume declined ahead of a long weekend in the U.S.

EUROPEAN Monetary System: The latest statement by the Bank of England on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2% per cent. The lower chart shows each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO share prices moved slightly ahead in quiet trading in Saturday's half-day session. The Nikkei Dow index closed 3.37 higher at 12,716.52. Page 29

MEXICO plans to continue trying to improve conditions for paying its debts, President Miguel de la Madrid said. It agreed rescheduling of half its \$66bn debt last week. Page 3

GREEK Premier Andreas Papandreou hinted for the first time that the country's economic problems might require a rescue by the IMF unless public and private sectors tightened their belts. Page 2

AUDITORS for Playboy Enterprises, publisher of the U.S. Playboy magazine, intend to qualify the group's accounts for the year to June 30 because of uncertainty over the company's ability to collect income due on a \$37.9m note.

FORGE of Germany, the offshoot of the U.S. motor group, forecasts continued losses for the current year and 1986 but looks to 1987 for a return to profitability. Page 17

PHILIPPINE Supreme Court has ordered the central bank's monetary board to suspend liquidation proceedings against Banco Filipino Savings and Mortgage Bank, the country's biggest savings bank.

PROTEA ASSURANCE, the South African subsidiary of the British Sun Alliance group, increased premium income and profits in the six months to June, largely because of a merger with Phoenix Assurance's South African arm. Page 20

BANK NEGARA, the Malaysian central bank, has issued a new directive restricting the ownership of banks. Page 17

WE REGRET that closing share prices from North America - with the exception of Montreal - were not available for this edition due to a communication failure.

COUNTRY 'QUITE CAPABLE OF REPAYING'

Pretoria imposes 4-month freeze on loan repayments

BY TONY HAWKINS IN PRETORIA

SOUTH AFRICA last night imposed a four-month freeze on all foreign loan capital repayments and reintroduced a two-tier exchange rate system to discourage stock exchange disinvestment.

During the four-month freeze, South Africa would appoint a senior international banker as an intermediary to negotiate the rescheduling of its debts.

From today, the reserve bank will "spot exchange rates against the U.S. dollar", but the minister said that was likely to be a "very temporary measure, pending developments in the foreign-exchange market".

He emphasised that there would be no restrictions over current payments in respect of dividend interest and the transfer of profits abroad by multinational companies.

South Africa would continue to meet all interest payments on its foreign debt during the standstill period.

The total amount of interest currently payable on all foreign loans amounted to no more than 6 per cent of the country's annual export earnings and South Africa would have no difficulty in meeting these payments.

The minister described the balance of payments position on the current account as healthy, saying South Africa was currently running a surplus of \$500m, which was more than three times the originally estimated surplus for 1985.

Commenting on the reintroduction of the financial rand system, Dr Chris Stals, director general of finance in the South African Government, said that in the past the financial rand had traded at a discount of between 2 per cent and 40 per cent below the commercial rand rate.

The financial rand rate would be determined by foreign investors buying shares on the Johannesburg stock market or disinvesting from South Africa through the stock exchange.

Asked whether there would be any accompanying statement to reassure international bankers about the current unrest in South Africa, Mr du Plessis said: "Certainly not from me." But he believed that his colleague Mr P. Botha, Foreign Minister, had made a significant statement earlier in the day.

Mr du Plessis said the South African decision was not a moratorium on foreign debt payments, but merely a standstill. South Africa he said, did have the money to pay. Dr Stals said loans by American banks to South African clients would not be regarded as "non-performing U.S. hardens policy. Page 3

operating next year and expects sales of more than \$100m by 1990.

Unlike mass-produced "standard" chips, which account for most semiconductor sales, custom components are tailored to the specific needs of individual customers, such as makers of computers and telecommunications equipment.

ES2 will be incorporated in Luxembourg and headquartered in West Germany. Its design automation technology will be developed in Britain, where it has already linked up with Lattice Logic, a small Edinburgh-based company specialising in microchip design techniques.

It expects to start building a production plant near Aix-en-Provence in southern France this year. The plant will not come on stream until 1987, until ES2 will reach production capacity in the U.S.

ES2 plans to open microchip design centres next year in Paris, Munich, London, Milan, Stockholm and Edinburgh. It expects to build a second production plant in a few years' time, either in Britain or West Germany.

To emphasise its all-European identity, the company is deliberately

not seeking financing from U.S. investors. It expects its investment needs in the next five years to total about \$100m, part of which it will finance internally.

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S. African violence takes new turn as whites die

By Michael Holman and Anthony Robinson in Johannesburg

POLITICAL VIOLENCE in South Africa took on a new dimension at the weekend when two whites were killed and two others injured after a mass funeral in the Eastern Cape town of Duncan Village. Speakers at the funeral had called on blacks to take the struggle against apartheid into white areas.

The President's stance on the trade issue, which was illustrated last week when he denied protection to the shoe industry, is a growing source of concern to fellow Republicans on Capitol Hill. They fear that the President is adopting a position that will weaken the Republican Party in its efforts to retain control of the Senate in next year's mid-term elections.

It is argued that Mr Reagan is handing to the rival Democrats an issue that can be transformed into an attack on the Administration's economic policies and an opportunity for the Democrats to capitalise on the "patriotism" theme, which Mr Reagan has hitherto made his own. The Democrats will be able to present themselves as the

OVERSEAS NEWS

Social Democrat win forecast in Swedish election

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDEN'S Social Democratic Party will win the general election on September 15 but with reduced support, according to the first election forecast published over the weekend, and will depend on the votes of the Communists in the Riksdag, the Swedish parliament.

This year's election is an important test for Mr Olof Palme, the Social Democratic Prime Minister, who has already suffered the ignominy of leading the Social Democrats into two defeats (1976 and 1979) since he took over leadership of the party in 1969.

In the IMU poll, the biggest loser is the Centre Party, which represents chiefly rural and agricultural interests and which enjoyed strong popularity in the early 1970s because of its strong campaign against nuclear power.

For this year's election the Centre Party has formed a technical electoral pact with the tiny Christian Democratic Alliance (KDS) but the move seems to have proved unpopular with voters.

The IMU poll forecasts a share of only 13.7 per cent for the conservative centre ticket, compared with 18.5 per cent in the 1982 election and 18.1 per cent in 1979.

The Swedish Conservative Party, which has been campaigning hard for lower taxes and a "change of system" in Sweden, is forecast to gain 25.2 per cent of the vote, compared with 23.6 per cent in 1982 and 20.3 per cent in 1979.

Solidarity wants to revive dialogue, says Walesa

FIVE YEARS after it was founded, the outlawed trade union Solidarity wants to revive debate and re-open dialogue with Communist authorities to pull Poland out of crisis, Mr Lech Walesa, the union's former leader, said.

"What we are driving at is solving problems at the conference table," Mr Walesa declared. Arguing through force was not Solidarity's intention but if there was no response to the union's peaceful efforts, then it might need to resort to demonstrations.

"This kind of weapon is always at hand but we should use it in a reasonable way," Mr Walesa added.

In Gdansk, where Solidarity was born out of the shipyard strike of August 1980, some 10,000 people attended celebratory masses and opposition leaders reported a demonstration in the western city of Poznan.

In Krakow yesterday, police broke up a march of about 2,000 people and more than 1,000 demonstrated in Warsaw.

John Elliott reports from the village home of Sant Longowal as Punjab parties prepare for election

Indian politicians honour murdered Sikh leader

SEVERAL hundred thousand brightly clothed Sikhs paid homage to the late Akali Dal leader, Sant Harchand Singh Longowal, in his home village south of Amritsar, India, on the 15th day after his death.

India's top political opposition leaders travelled through the rich green Punjab countryside to this large prosperous village, along with hundreds of bus and lorry loads of Sikhs for the traditional ceremony to honour their dead.

Sant Longowal was shot by Sikhs extremists after concluding a deal with Mr Rajiv Gandhi, the Indian Prime Minister, to settle the Sikhs' economic and political demands and end

three years of mounting violence.

The respect he won throughout the country for daring to strike that deal was demonstrated yesterday by the political leaders such as Mr A. Vajpaiye of the Bharat Janta Party and Mr Balakrishna Hegde of the Janta Party joined with top Sikh leaders on a hot monsoon day to form one of the biggest crowds seen in India for many years. Official estimates put the total at over 500,000 people.

Militant Sikhs youths, wearing saffron coloured turbans as a mark of protest against the army's storming of the Amritsar Golden Temple 14 months ago,

mixed with the Nihang warrior class who wear brightly coloured skirts and carry large ceremonial swords, and masses of the Jat farming caste. The crowd were generally quiet and there was no violence.

After morning prayers and chanting of readings and hymns from the Sikh's bible, the Granth Sahib, the high priest, sat impassively on a podium in a huge tent while the politicians made their speeches. Thousands of people filed past, making offerings of small denominations rupee notes onto the floor.

But the politicians also had other work to do and the area alongside the podium, covered

in large white sheets, resembled a mini political convention. Top powers from all in the Akali Dal (L), the Sikh's main party that was headed by Sant Longowal, haggled and argued about the allocations of candidates' seats for imminent elections to Punjab's State Assembly and the national Parliament in New Delhi.

Their party is called the Akali Dal (L) after Sant Longowal, to differentiate it from a more extremist and fragmented splinter party called the United Akali Dal headed by Baba Jaginder Singh, father of Jarwan Singh Bhindranwale, the leading extremist who was killed in the Golden Temple battle.

Leaders such as Mr Gurcharan Singh Tohra, president of the management committee that runs Sikh temples, and Mr Parkash Singh Badal, a former Punjab chief minister, both insisted yesterday that the Akali Dal (L), now united after their splits, would remain as many as 70 of the 117 seats in the State Assembly, defeating Mr Rajiv Gandhi's Congress (I).

They decided that they had an electoral alliance with Mr Gandhi. They also rejected rumours that Mr Gandhi has agreed that Congress (I) would share power with the Akali Dal (L) if it wins in order to reduce the risk of fresh Akali agitation and extremism.

"We would never join up with Congress (I)," said Mr Badal.

Both parties are now being careful not to appear too close as the election campaign warms up—candidates are now being announced and electioneering formally starts on Thursday for polling on September 25.

Significantly Congress (I) did not send any delegates to speak at yesterday's ceremony. Mr Arjun Singh, the Punjab governor who is a senior Congress (I) figure, only attended briefly to deliver messages from Mr Gandhi and Mr Zail Singh, India's Sikh President, which were read out by Akali officials.

Evren opposes political amnesty

PRESIDENT Kemal Evren, addressing a new session of the Turkish Parliament yesterday, defended the country's limitations on democracy and opposed an amnesty for political prisoners tightened by his predecessors.

"We must all understand a simple truth: we cannot consume more than we produce. That way we can insure against economic measures imposed from abroad tomorrow, through our economic policy today," The Prime Minister said in a sombre

state-of-the-economy speech marking the 50th anniversary of the Salonic trade fair.

Dr Papandreou's speech is the clearest signal since the Greek general elections last June that the Socialists plan to execute a U-turn in favour of tighter economic policies. The Prime Minister defended the relaxed policies of the Socialists' first four years in power, but said "a more courageous stabilisation policy" was now in order.

He also said he did not oppose an amnesty for criminals but cautioned that its scope should be carefully examined.

He warned the 400-seat

Assembly, elected when partial parliamentary democracy was restored in 1983, against trying to circumvent a constitutional clause excluding from amnesty those convicted of "anti-state activities"—covering many of the left-wingers involved in the coup turnout.

Most right-wingers jailed fell under other sections of the criminal code.

The unrepresentative nature

of the Assembly is one foreign criticism of Turkey, but Mr Evren said he was opposed to early elections demanded by the non-parliamentary opposition.

Before meeting the East

German President, Herr Strauss indicated he would not bring up the espionage case. He said he was critical of West German agencies and their leadership

but "not of the activities of spies and agents" in what he called one of the oldest professions in the world.

The espionage affair involving the defection to East Germany of Herr Hans-Joachim Tiegel, a top West German counter-espionage official and other Bonn government employees was initially played down by the West German Government commentaries now suggest that Chancellor Kohl and Herr Strauss hope to deflect mounting criticism of Herr Friedrich Zimmermann, the West German Interior Minister, who is ultimately responsible for the counter-espionage case.

In Leipzig, Herr Honecker said he was "optimistic" about the future of East-West German relations. He cautioned, however, that they must be governed by "realistic deeds" and noted that trade between the two countries would exceed a record DM 16bn (£4.1bn) this year.

The SOVIET leader, Mr Mikhail Gorbachev, in an interview with Time magazine, predicts the U.S. will take a hard line in the November summit and expects any concessions will have to be made by the Soviet Union. AP reports from New York.

In what is described as his first interview with a Western news organisation since assuming power, Mr Gorbachev

current account deficits, double-digit inflation and poor levels of productivity and competitiveness.

According to central bank figures, Greece's overall foreign debt stands at over \$13bn (£8.2bn). The current account deficit reached \$2.1bn in 1984. The annual inflation rate is running at about 18 per cent.

The Government's targets of a balance of payment deficit of less than £2bn and an inflation rate of 16 per cent for 1985 look unlikely to be met.

Dr Papandreou rallied all Greeks to "a national effort to

get out of the crisis." In particular he warned trade unions in which the bitterly hostile

Communist opposition has consigned men to realise that "Socialist rule is not just a brief parenthesis" in Greece, but assured them that the Government was "not against profit" and that adequate incentives exist for productive investment.

Pakistan may allow Bhutto to return to exile

PAKISTAN military authorities may allow opposition leader Ms Benazir Bhutto, now under house arrest, to go into exile again, sources say. Her banned Pakistan People's Party (PPP) said yesterday Reuter reports from Karachi.

Ms Bhutto, daughter of the executed former prime minister Mr Zulfikar Ali Bhutto, was put under house arrest for 90 days on Thursday, a week after she returned from 19 months of self-exile in Europe to bury a dead brother.

"She may be flown out of Pakistan in a few days," a PPP leader said. Police sources said Ms Bhutto might leave Pakistan in a few days to resume medical treatment for ear trouble.

Ms Bhutto, a bitter critic of the military government of General Mohammad Zia-ul-Haq, who toppled her father in a 1977 coup and later ordered him executed, returned August 21 to bury her younger brother Shah Nawaz, who died mysteriously in Cannes in July.

BY LESLIE COLITT IN BERLIN

A HIGH-LEVEL meeting yesterday between East and West German politicians signalled their determination not to allow the current espionage scandal in West Germany to affect the delicate political ties between Bonn and East Berlin.

Herr Franz-Josef Strauss, who heads the important Bavarian wing (CSU) of Chancellor Helmut Kohl's Christian Democrats (CDU) had talks with Herr Erich Honecker, the East German leader, in Leipzig during the opening of the biannual East-West trade fair.

Before meeting the East German President, Herr Strauss indicated he would not bring up the espionage case. He said he was critical of West German agencies and their leadership

After his talks with the East German leader, Herr Strauss discussed future economic ties.

AP adds from Cologne: Despite the recent spy scandal, West Germany wants to "avoid setbacks" in its relations with East Germany, Bonn's chief

Government spokesman said yesterday.

In an interview with Deutschland Radio of Cologne, Mr Friedhelm Ost said the Bonn

Government did not want to "rip asunder" its lines of communication with East Germany.

Gorbachev sees U.S. hard line at November summit

THE SOVIET leader, Mr Mikhail Gorbachev, in an interview with Time magazine, predicts the U.S. will take a hard line in the November summit and expects any concessions will have to be made by the Soviet Union. AP reports from New York.

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F1P/14

OVERSEAS NEWS

ADMINISTRATION FAVOURS TALKS WITH ANC

U.S. hardens policy towards South Africa

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration has underlined the importance of releasing Mr Nelson Mandela from prison and hinted that it favours including the outlawed African National Congress in political negotiations about South Africa's future.

The comments, made by a State Department official at a briefing for reporters, were seen by some observers in Washington as indicative of a hardening of Administration policy towards South Africa on the eve of meetings which State Department officials are due to have with Mr Gerhard de Kock, head of the South African central bank.

Asked yesterday whether the Reagan Administration would back financial support for South Africa by either the Federal Reserve Board or the Inter-

national Monetary Fund before the South African Government showed signs of movement towards meeting U.S. demands, the State Department official said the question could not be addressed until later this week, but was valid.

The uncertainty which still hangs over who precisely Dr de Kock will be seeing in Washington is indicative of the atmosphere surrounding his visit. The State Department has confirmed only that a senior official will meet with the central banker. The South African embassy in Washington said yesterday that it could shed no light on Mr de Kock's movements.

There is a growing feeling here that Mr de Kock's mission to the U.S. which is seen to have been aimed at trying to

secure some form of financial support for the South African Government, is proving far more difficult than the South African Government may have anticipated.

The State Department decision on the eve of Mr de Kock's arrival to emphasise the importance it attaches to the South African Government taking steps such as the release of Mr Mandela, which it is unwilling to take, is seen as a sign of the hard line officials who are taking in the face of the South African Government's refusal to open up political dialogue in South Africa.

Just as bankers in New York are indicating that the political climate in Congress towards South Africa makes it difficult for them to provide financial support, it is argued that poli-

cal pressures will make it difficult for the Federal Reserve Board, under the chairmanship of Mr Paul Volcker, or the International Monetary Fund, to act either.

The Fed must answer to Congress for any decisions it takes, while the IMF must always take into account the impact of any decisions it takes on Congressional votes over U.S. funding of the institution. IMF support for South Africa at this juncture, which would amount to helping to bail South Africa out of an economic mess precipitated by political upheavals over apartheid, could divide the institution internally.

It could also provide yet another rallying point for Third World opposition to IMF policies which are perceived to be dictated by the industrial

countries.

The Reagan Administration is now coming under heavy fire for the constructive engagement policy it has adopted towards South Africa, a policy which has already been overtaken by events in the financial markets.

A Newsweek magazine poll to be published today is indicative of mounting criticism of the white South African Government which has been fostered by the violent scenes Americans have been seeing nightly on television. Although a majority (62 per cent) of those polled by the Gallup organisation registered their approval of President Reagan's performance, 42 per cent favoured economic sanctions against South Africa, something the President opposes.

Oil Minister hopes for reappointment after Nigerian coup

BY PATTI WALDMEIR IN LAGOS

PROF TAM DAVID-WEST, oil Minister under the ousted regime of Maj-Gen Muhammadu Buhari in Nigeria, appears confident that he will be re-appointed to the post when the new Nigerian Cabinet is announced, probably this week.

He said in an interview at the weekend that if called again to serve, he would.

However, it was understood in Lagos that no final decision has yet been taken on the matter and that at least one other candidate was being seriously considered.

Prof David-West is credited in Nigeria for having successfully negotiated an increase in Nigeria's crucial Opec production quota to 1.45m barrels per day (b/d) last autumn from 1.3m b/d previously (although Opec continues to insist that this increase was only temporary and has since reverted to 1.3m) but his image within the organisation is as one of the less forceful of the ministers who gather periodically to determine Opec's policy.

His staunch opposition to the controversial countertrade policy of the ousted regime (some \$2bn in oil-for-goods swap deals were signed or agreed in principle before last Tuesday's coup) could also be a positive factor, Maj-Gen Ibrahim Babangida, the new President, adamantly opposed such deals within the former Supreme Military Council on the grounds that they were costly and open to corruption, and he has pledged to review the policy.

Officials of oil companies operating in Nigeria are anxiously awaiting the appointment of a new oil minister to determine whether negotiations for a crucial increase in their allowed profits margin on the sale of Nigerian crude will be finalised.

Talks on changing the complicated formula which would have, in effect, increased the margin by up to \$1.30 cent per barrel from \$2 per barrel presently were at an advanced stage just before the coup. The change could have an important impact on Nigeria's production in the short term, and especially on exploration and development activities which have been seriously neglected, company officials argue, because profit margins were too narrow to merit such investment.

Production has fallen to less than 1m b/d last month from an average 1.6m b/d in the first quarter of this year with oil companies in Nigeria reducing liftings sharply because the differential between Nigeria's official price and the spot market price at which they were forced to sell a large portion of their production meant that the companies were losing money.

The fall in production since the beginning of the second quarter has left Nigeria with insufficient foreign exchange resources to make current trade payments which banks say have been delayed by as much as 120 days recently.

There is evidence that this has led some international banks to reduce or cut already low confirming lines to the country for trade credits, putting a further squeeze on imports which had already fallen to critically low levels, leading to factory shutdowns and high unemployment.

Against this background, the incentive for Nigeria to seek a rescheduling of its medium- and long-term debt (put at \$12bn) and perhaps a further re-negotiation of trade debt arrears (uninsured and insured arrears are put at between \$8bn and \$7bn) is strong.

Mexico to seek better debt payment conditions

BY OUR MEXICO CITY CORRESPONDENT

MEXICO, which three days ago signed a pact rescheduling half its \$96bn (\$65bn) debt, plans "to continue pursuing negotiations to obtain better debt payment conditions," President Miguel de la Madrid said yesterday.

Mexico also will seek, "within prudent limits, to resume borrowing abroad," Sr de la Madrid said in his third annual State of the Nation report, televised nation-wide yesterday.

The financial community must realise that "in order to pay, it is necessary to grow," he went on. But he stressed the Mexican view that the debt problem cannot be resolved "through confrontations or the repudiation of obligations."

Though carefully couched, the President's demand for new loans is seen as the latest evidence of a softening of Mexico's negotiating posture, which has been more accommodating than that of the other big Latin American debtor.

Without a fresh credit flow—either on a voluntary basis—or otherwise—Mexico cannot uphold its commitment to full and prompt interest payments, Sr Jesus Silva Herzog, Finance Minister, told foreign bankers

Ugandan leaders to renew talks with rebels

PEACE TALES

Egypt increased the price for its crude oil for September, a senior official of the Egyptian General Petroleum Corporation said yesterday. Reuter reports from Cairo. The price of light crudes was increased to \$25.63 a barrel from \$25.25. The price for the heavier Balayim and Budran grades would be \$24.55 a barrel, an increase of 30 cents, while Ras Ghareb oil would rise 25 cents to \$23.25.

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Regan confident

Mr Donald Regan, President Reagan's Chief of Staff, said in a magazine interview he expected the U.S. economy would improve through first half 1986, but he expressed concern about continued high interest rates. Reuter reports from Washington.

"My own feeling is that the economy will be good, continuing through the first six months of 1986," he said in an interview with U.S. News and World Report.

Singapore cuts taxes

The Singapore Government announced lowered taxes on gasoline, diesel and fuel oil, and widened the scope of a previously announced 30 per cent property tax rebate, in response to the continuing slowdown in the country's economy, according to the Sunday Times newspaper. AP/DJ reports from Singapore.

Speaking Saturday in Parliament, Mr Goh Chok Tong, first deputy prime minister, revealed the Government would forego some \$140m (£127m) because of the new tax changes.

Mexico's petroleum income, accounting for two-thirds of its foreign-exchange earnings, will fall some \$1.6bn from projections in 1985, Sr de la Madrid acknowledged.

Mexico's foreign reserves stood at \$5.6bn yesterday, the President reported, down from more than \$8bn a year ago.

Disappointing exporters, he refrained from voicing support for Mexico's entry into the General Agreement on Tariffs and Trade. His Commerce Minister recently argued publicly in favour of Gatt membership, which was debated and then rejected by Mexico's previous administration in 1982.

Instead, Sr de la Madrid declared that while his administration opposed protection for inefficient local manufacturers who "punished the consumer with high prices and low quality," it intended to maintain Mexico's traditional economic strategy of import substitution.

Kenyan prices raised

The Kenyan Government citing increased production costs, has raised the price of bread by almost 16 per cent and the price of cornmeal by more than 30 per cent, AP reports from Nairobi.

Kuwait to mediate

Tunisia has accepted Kuwait's proposal to hold talks on its dispute with Libya over the expulsion of thousands of Tunisian migrant workers, diplomats said yesterday. Reuter reports from Tunis. They said Libya had officially accepted the proposal.

Phalange-Syria talks end as Berri urges reforms

LEBANESE CHRISTIAN

Shiite clerical leader. The rally was accompanied by a strike in Moslem areas and later by fighting in southern towns between Amal militiamen and followers of Hezbollah, the radical Party of God.

Mr Berri proposed the formation of a six-man Presidential Council made up of representatives of the country's six major religious sects, which would take over from the Maronite President Mr Amin Gemayel. Chairmanship of the new council would be rotated every year.

He also proposed closer relationships with neighbouring Syria through a string of political, security, military, economic, educational and information pacts, and suggested the promulgation of a new election law and enforcement of compulsory service in a restructured

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Two weeks ago he stuck his head 'round the corner and barked, "Dallas/Fort Worth. Chicago. San Francisco. Los Angeles. San Diego," like the headmistress reading the register.

Since he travels a lot I should have known better than to ask, "What about them?"

He handed me a list of dates. "I leave tomorrow." It was like being given *The Times* and told to solve the crossword in half an hour. Errors would be punished.

The travel agent was very helpful. She sorted out an itinerary within 15 minutes; I felt a bit more confident when I handed him the tickets. "All your flights are listed and your seats reserved."

You're on American Airlines all the way. Just show up at Gatwick tomorrow. Your flight's at 10:35."

"Wonderful," he said, exactly the way you compliment a waiter who's brought you hamburger when what you've ordered is steak.

To be honest I'd never heard of American either but I repeated what the travel agent told me. "They're one of the biggest airlines in the world. Over 100 destinations in North America. All your flights are at what should be convenient times for your meetings. They were booked on American Airlines computerised reservation system, SABRE. If you need to rearrange anything just phone American in the city you're in, and it will be done."

He looked at the American Airlines' on the ticket wallet and muttered, "Gatwick, indeed."

So you'll understand why I wasn't exactly looking forward to his majesty's triumphal return this morning after a night on the plane.

But surprise, surprise. He'd brought me a present. At least I think it was a present.

"Thank you for the...ummm...thing, sir. How was the trip?"

"Fine. We'll fly American again. Now if you don't mind, we have work to do."

The old sharpness was still intact. Mrs Ruth Harvey

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UK NEWS

Trades Union Congress at Blackpool

Divisions on left and right threaten TUC

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE ANNUAL conference of the Trades Union Congress (TUC) opens in Blackpool, north-west England, today facing two widening divisions on its left and right wings.

The suspension followed by the expulsion of the Amalgamated Union of Engineering Workers (AUEW) from the TUC is now seen by many as increasingly likely.

The AUEW has already been found guilty by the TUC's general council of accepting government money towards the cost of holding ballots - contrary to the policy of the TUC.

Mr Eric Hammond, general secretary of the electricians' union the EETPU, yesterday said he was losing hope of a "TUC judge." He pledged that his delegation would walk out of the Congress Hall if the AUEW was suspended, and promised to ballot his 380,000 members on leaving the TUC if the engineers were expelled.

At the same time, Mr Arthur Scargill, the president of the National Union of Mineworkers (NUM), insisted that a composite motion, calling on a future Labour government to reinstate sacked miners and reimburse the NUM and other unions "with all monies confiscated as a result of fines, sequestrations and receivership," would not be withdrawn as TUC leaders had wished.

The motion is seen as extremely damaging by Mr Neil Kinnock, the Labour leader, and Mr Norman Willis, the TUC general secretary. It

will now be opposed by the general council.

The electricians' unambiguous support for the AUEW raises the stakes. It will also raise the temperature of a debate which Mr Willis had hoped to cool through talks with the engineers' executive on Saturday.

Their refusal to make a final response to the general council's demand that they immediately confirm their willingness to cease taking state aid for ballots has angered many of the left and centre of the council. The executive has delayed a response until it meets again tomorrow evening.

Mr Ron Todd, general secretary of the left-led Transport and General Workers' Union, said after a meeting of his union delegation that he would press for a rearrangement of Congress business. This would be so that he did not have to move a resolution reaffirming the TUC total opposition to "unjust, anti-democratic and anti-union legislation" while, as he said, "the second largest affiliate has not indicated whether or not it will conform."

The AUEW will not assist in calming left-wing hostility by its decision yesterday to vote again Mr Todd's motion.

Mr David Basnett, general secretary of the General Municipal and Boilermakers' Union, said that "the responsibility of affiliates is to maintain the unity and the authority of the TUC - that responsibility

now very clearly lies with the engineers."

Within the AUEW executive, affiliations seem to be hardening.

The 10 voting members are lining up 7:3 against any compromise which might satisfy the TUC. The one favoured by the three "dissidents" - Mr Jimmy Airlie, Mr George Arnold and Mr Gerry Russell - is a recall of the union's policy-making committee with an executive recommendation to observe the TUC injunction.

The majority continues to insist that the decision to take the money, underpinned in January by a 12:1 membership vote, remains sacrosanct.

They were supported yesterday by Mr Bill Jordan, the AUEW's Birmingham divisional organiser, who is a leading contender for the presidency in elections which begin next week.

Mr Jordan said that the executive meeting tomorrow had to stick to the members' decision, to take state aid.

The NUM's resolution is a call for the Congress to be "mindful of its previous decisions to give total support to the NUM."

Mr Scargill, scheduled to speak tomorrow morning, will launch an impassioned plea for reinstatement of sacked miners and reimbursement, stressing the movement's failure to deliver supportive action to the miners during their 12 month strike which ended last March.

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Treasury achieves switch in borrowing

By Philip Stephens

THE TREASURY has succeeded in engineering a substantial switch in borrowing by local authorities away from commercial banks to central government.

The shift has eased the problems faced by the Bank of England in meeting huge cash shortages in the London money markets and has reduced the size of the Bank's controversial bill mountain.

Official estimates indicate that the local authorities transferred about £1bn of their borrowing from the banks to the government-run Public Works Loan Board (PWLB) in the first weeks of August.

The move followed a Treasury announcement in late July that it was improving the terms on variable rate loans available to local authorities, but it largely reflected earlier changes in the board's fixed-rate borrowing terms.

The Government has been trying for several years to encourage local authorities to borrow more from the PWLB in preference to bank loans, and has consulted closely with the authorities in adapting the board's lending practices.

The reasoning is that central government can raise cheaper finance than that available commercially to local authorities, which helps to hold down the overall level of public spending.

The bill mountain comprises the commercial bills and other financial instruments that the Bank has been forced to buy to provide cash to the banking system as an offset to sales of gilt-edged stock. These sales, over and above the amount needed to finance the Government's borrowing, have been used to dampen the growth of the money supply.

By mid-July the bill mountain had risen to more than £17bn, and because most of the bills have short-term maturities, simply keeping the amount constant involved buying up to £1bn worth each day.

The Bank has faced strong criticism that it had become a lender of first resort and that its operations were seriously distorting the structure of interest rates.

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Aslef votes for political fund

BY DAVID BRINDLE

THE TRAIN drivers' union, Aslef, announced yesterday that its members had voted to retain the union's political fund by a majority of 92.75 per cent - the highest of any union so far.

The turnout of 85 per cent was also the best yet among the 13 unions which have balloted on their political funds under the terms of the Government's Trade Union Act. All have voted for retention.

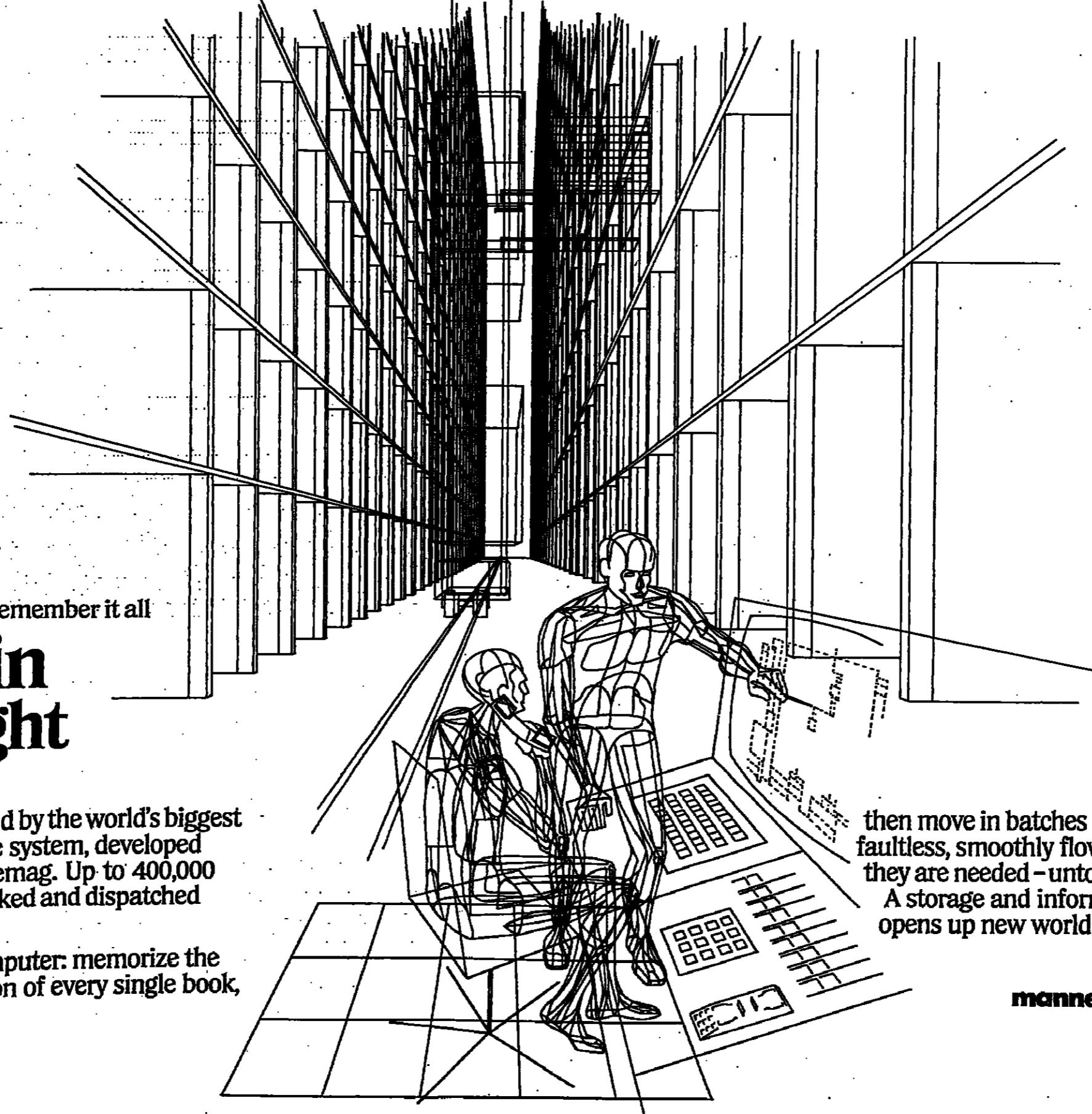
Mr Ray Buckton, Aslef's general secretary, was at pains to point out that the union had "made no bones"

about its political fund being for the Labour Party. This followed criticism by ministers that unions were disguising the true use of political funds.

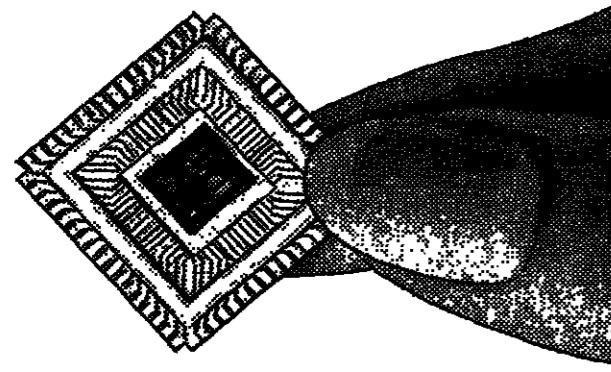
Mr Buckton also pointed out that the ballot had not been conducted at the workplace, but had been either fully or semi-postal, with all voting slips returned by post.

Of a total of 24,211 ballot papers issued to working and retired Aslef members, 20,672 were returned. Of these, 19,110 were in favour and 1,461 were against, with 71 invalid.

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Home mortgage company seeks £100m listing

BY ANDREW TAYLOR

A NEW company, the National Home Loans Corporation, is set to become Britain's first publicly quoted company investing in residential mortgages.

National Home Loans is seeking a full listing on the London Stock Exchange. It expects 75 per cent of its shares to be placed with a wide spread of institutions over the next few days.

The remaining 25 per cent of the company will then be offered by subscription to the public and other investing institutions.

The issue, underwritten by Hong Kong Bank, seems likely to raise about £100m. Additional capital will be raised from the wholesale money market. James Capel is acting as broker to the share offer for which no details on pricing have been given.

National Home Loans has been formed to invest directly in mortgage loans secured on residential properties in the UK. These will mostly be acquired by purchasing the home loan portfolios of local authorities and other financial institutions like banks and insurance companies.

The move comes when local authorities have been looking at various ways of removing the burden of managing large mortgage loan portfolios as well as releasing assets which can be used for investment elsewhere. Several banks are also

thought to have been investigating ways of releasing cash locked up in mortgage loans.

National Home Loans is understood to have identified local authority mortgage portfolios, worth around £200m, which it might seek to buy during its first year of operation.

The residential mortgage market in the UK is currently valued at about £107bn. Of this building societies account for more than £22bn; banks, insurance companies and other financial institutions account for £20bn and local authorities for £4bn.

Mr Richard Lacy, National's chief executive, says acquiring existing loans is much less expensive than chasing borrowers in the retail market like building societies and banks which carry large branch networks and higher management overheads.

The company would normally expect that 60 per cent of distributable profits would be paid in dividends to shareholders with the remainder retained for further investment.

Mr Lacy was until recently chief general manager of the Birmingham and Bridgewater Building Society and was responsible for the introduction of the discount Leicestershire while general manager of operations and marketing at the Leicester Building Society.

London and Dublin to continue Ulster talks

BY IAN OWEN

BRITISH and Irish government officials are to continue to hold talks aimed at clearing the way for a wider political agreement giving the Rev Ian Paisley, who leads the Official Ulster Unionists and the Democratic Unionist Party, the right to be consulted about some aspects of security policy in Northern Ireland.

This was made clear in London yesterday amid further attempts to allay the fears of Unionist leaders in the province that British Ministers are poised to take the first steps down the slippery slope lead-

ing to a "sell out".

The persistence shown by Mr James Molyneux, leader of the Official Ulster Unionists, and the Rev Ian Paisley, who leads the Democratic Unionist Party, in securing a meeting with Mrs Margaret Thatcher, the Prime Minister, and Mr Douglas Hurd, the Northern Ireland Secretary, in 10 Downing Street on Friday is seen in Whitehall as more of an exercise in political posturing than as a reflection of justified concern.

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Bank of India	11 1/2%	Morgan Guaranty Can.	11 1/2%
Bank of Scotland	11 1/2%	National Bk. of Kuwait	11 1/2%
Barclays Bk.	11 1/2%	National Girobank	11 1/2%
Beneficial Trust Ltd.	11 1/2%	National Westminster	11 1/2%
Brit. Bank of Mid. East	11 1/2%	Northern Bank Ltd.	11 1/2%
Brown, Shipley	11 1/2%	Norwich Gen. Trust	11 1/2%
CL Bank Nederland	11 1/2%	People's Trust.	11 1/2%
Canada Permanent	11 1/2%	Pemberton Fund.	11 1/2%
Camborne Bk.	11 1/2%	Provincial Trust Ltd.	11 1/2%
Cedar Holdings	12 1/2%	R. Raphael & Sons	11 1/2%
Charterhouse Japchit	11 1/2%	Roxburghe Guarantee	12 1/2%
Churlingtons**	12 1/2%	Royal Bank of Scotland	11 1/2%
Citibank NA	11 1/2%	Royal Trust Co. Canada	11 1/2%
Citibank Savings	11 1/2%	S. Henry Schroder Wag.	11 1/2%
City Merchants Bank	11 1/2%	Standard Chartered Bk.	11 1/2%
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C.S. Coates & Co.	11 1/2%	Trustees Savings Bank	11 1/2%
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Continental Trust Ltd.	11 1/2%	Westpac Banking Corp.	11 1/2%
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The Cyprus Popular Bk.	11 1/2%	Yorkshire Bank	11 1/2%
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E.T. Trust	12 1/2%	Deposits: 8.00%	11 1/2%
Exeter Trust Ltd.	12 1/2%	For Tier £2,500+ at 3 months	11 1/2%
Financial & Gen. Sec.	11 1/2%	At call	11 1/2%
First Nat. Fin. Corp.	12 1/2%	Call deposits £1,000 and over	11 1/2%
First Nat. Sav. Ltd.	12 1/2%	8% gross	11 1/2%
Fisons Financial Co.	11 1/2%	Mortgage base rate	11 1/2%
Robert Fraser & Ptns.	11 1/2%	7.5% p.a. for 12 months	11 1/2%
Grindlays Bank	11 1/2%	Demand deposits 5%	11 1/2%
Guinness Mahon	11 1/2%		

UK NEWS

Lloyds warns on N. Sea output

BY ANATOLE KALETSKY

BRITAIN'S North Sea oil reserves might last for only 10 years at present rates of production, and the Government should consider controlling output to prolong oil self-sufficiency beyond the 1990s, Lloyds Bank argued today in its monthly Economic Bulletin.

However, another article published today in the Barclays Bank Quarterly Review says that oil production will not be the most important cause of recent structural changes in the British economy, including the rise of unemployment.

Lloyds Bank points out that future governments will face "hard decisions on taxes and spending" as North Sea oil production declines from this year's peak level. If oil production were to disappear overnight, value added tax (VAT) would have to be doubled to 20 per cent or the standard rate of income tax would have to be increased from 30

to 37 per cent if the Chancellor wanted to stick to his revenue targets.

Although in reality the effects will be gradual, the depletion of the North Sea will cause big changes in the economy, partly reversing the structural transformation which have taken place since the mid-1970s. Oil production is now running at 120m to 130m tonnes annually, which compares with 1.3m tonnes of proven and probable reserves remaining in the North Sea, plus 650m tonnes of possible reserves, according to the Government's official estimates.

The economic impact of declining oil production could start to be felt in the near future, Lloyds suggests. It predicts: "Some decline in sterling's real exchange rate can be expected over the next few years" as the balance of trade in oil begins to deteriorate. That might encourage

some recovery in the non-oil industries, which were squeezed by the high value of sterling during the period of maximum oil output.

In the Barclays article, the bank's chief economist, Mr Harold Rose, argues that U.S. interest rates, rather than oil production, were the main cause of the marked deterioration in Britain's unemployment, although he says improvements in Britain's inflation performance were partly due to North Sea output.

Comparing the two six-year periods 1973-79 and 1978-85, Mr Rose points out that oil production grew by roughly 3 per cent of GDP in both those periods, while GDP as a whole increased by about 8 per cent. However, unemployment rose by nearly 2m during the second period, against an increase of 840,000 from 1973 to 1979. He concludes that the rise of un-

employment cannot be ascribed either to the build-up of oil production or to the sluggish growth of total output. Rather, it was due to widespread demanding, particularly in manufacturing industry, where the rate of return on capital employed fell to an intolerable level in 1980-81.

The squeeze on industry was due mainly to high real interest rates "emanating largely from the U.S.", Mr Rose argues.

The "fundamental" improvement in Britain's inflation performance during the second period was a consequence of the strength of sterling, Mr Rose says. One factor in that was North Sea oil, but another was tight monetary policy. Although in practice monetary growth during 1978-85 turned out to be as rapid as it was from 1973 to 1979, Mr Rose says expectations of tighter policies may have contributed to the strength of sterling.



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INTERIM REPORT FOR THE SIX MONTHS ENDED AUGUST 31 1985

The following are the unaudited results of the company and its subsidiaries for the six months ended August 31 1985 and the abridged consolidated balance sheet at that date.

	Six months ended 31.8.85 R million	Six months ended 31.8.84 R million	Year ended 26.2.85 R million
Consolidated income statement			
Investment income	149.2	109.9	240.6
Interest earned	8.4	6.3	14.2
	157.6	116.2	254.8
Administration and other expenses			
Costs of prospecting	2.3	2.6	3.6
	5.2	4.4	9.7
	8.0	7.0	13.3
Profit before taxation	146.6	106.2	241.5
Taxation	2.7	2.3	5.4
Profit after taxation	143.9	104.9	236.1
Dividends	137.2	104.3	225.0
	8.7	2.6	11.1
Retained profit	5.6	6.4	6.4
Unappropriated profit February 28 1985	5.6	—	0.1
Adjustment thereto for changes in exchange rates	—	6.4	6.5
	15.3	9.0	17.6
Transfer to general reserve	—	—	12.0

UK NEWS

British arm of Mentor in liquidation

BY JOHN MOORE, CITY CORRESPONDENT

THE BRITISH operations of Mentor Insurance, the Bermuda-based insurance arm of Murphy Oil Corporation of the U.S., are in voluntary liquidation. Mr Christopher Morris of Touche Ross, the chartered accountants, has been appointed liquidator of the British company - Mentor Insurance Company (UK) - which has estimated liabilities of £15.5m.

The move follows the discovery of a series of unusual insurance arrangements in the Mentor operations which were contrary to requirements imposed by the Department of Trade and Industry.

Mr Morris told creditors earlier this month that Mentor has assets of £13.6m, leaving a credited deficiency of £2.2m. Following the decision to wind up the company at the beginning of August by the British director numerous British insurance brokers and insurance specialists face some delay in securing payment of insurance claims.

According to the liquidator's estimated statement of affairs, among those groups with which insurance claims have been agreed but not yet paid as at June 30 are Richard Longstaff (Ins), which is waiting for payment of £388,000; Sedgwick Forbes Bland Payne, £351,000; C.T. Bowring & Co, (Ins), £337,000; and Leslie & Godwin, £129,000.

Mentor is one of the many casualties in the big shake-out in Bermuda of the "captive" insurance movement. In Bermuda numerous insurance companies owned by multinational companies, largely based in the U.S., have curbed their insurance underwriting activities after a series of disastrous results.

The UK company decided to cease underwriting towards the end of 1982 following an adverse claims experience. During 1983 the company laid off its insurance liabilities with Mentor Insurance in Bermuda, which controlled the Mentor company in the UK, Hedgington In-

surance of Bermuda; Metropolitan Reinsurance of the U.S.; and American Reinsurance of the U.S.

Subsequently the Mentor Bermuda company entered into other agreements with Hedgington Insurance, Metropolitan Reinsurance and American Reinsurance. The agreements contained, according to the liquidator, onerous terms which, if enforceable, will mean that the Mentor company in Bermuda will be responsible for the full amount of its British subsidiary's liabilities, contrary to requirements imposed by the Department of Trade and Industry.

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Al-Fayed plan to revamp Aviemore

By Arthur Sandies

THE AVIEMORE Centre, the purpose-built Scottish island resort which originated as the dream of Sir Hugh Fraser, is about to be given a facelift by its new owners, the Al-Fayed brothers.

Work has begun to upgrade the buildings and improve the service.

As a pre-requisite to completion of a full-scale programme, however, it appears the centre's new management will be seeking a slice of any additional business that might be drummed up for local hotels.

A letter has been sent to some local hoteliers, which include such chains as Thistle House Forte, Ladbrooke and Thistle (Scottish and Newcastle Breweries), suggesting that, unless the centre is a financial success, it might have to close.

The centre has a large conference facility, theatre, cinema, ice-rink, a swimming pool complex and a wide range of sporting and amusement facilities.

Aviemore has not been a success story so far. It is six miles by a difficult road to the main ski area and its buildings, constructed in the bolds of 80s box-style architecture are lacking in style.

Legalising of Sunday trading in Texas boosts campaigners

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S retailers and consumer groups in favour of Sunday trading are hoping that the introduction of such trading yesterday in the U.S. state of Texas will boost the chances of seven-day a week shopping in the UK.

The British Government still has to formally announce that it plans to bring in legislation in the UK to allow lawful Sunday trading. Supporters of such a move, however, are anxious that the pressure for reform should not run out of steam.

The repeal of the so-called "Blue Laws" in Texas yesterday was the latest move by the U.S. states to allow Sunday trading in areas where

there had previously been strong religious objections.

Included in the legislation allowing Sunday trading in Texas was a financial estimate from the state's comptroller suggesting that seven-day trading will add about an extra 0.5 per cent to total consumer spending in the state and some 3 per cent to those retail sectors most likely to open on a Sunday. This estimate has been incorporated into the state budget and is therefore likely to be on the conservative side.

In the UK, a commitment to scrapping all controls on shop opening hours is likely to be followed by a debate either later this year or early in 1986.

The only drawback to the legislation coming into force is concern that some shop workers may be forced to work on a Sunday even if they have religious objections. Some employment safeguards may be included in the legislation enabling Sunday trading to overcome these fears.

- Consumer spending on food to eat at home rose by 5 per cent in the second quarter of this year in comparison with the first three months of 1985, according to results from the National Food Survey.

Thatcher considers Cabinet options

BY IAN OWEN

Mrs Margaret Thatcher, the Prime Minister, consulted senior colleagues during the week-end about the Cabinet reshuffle expected to be announced later today and came under increasing pressure to reconsider her intention to appoint Mr Norman Tebbit, the Trade and Industry Secretary, as chairman of the Conservative Party.

Senior figures in the party have made known their concern that the appointment of Mr Tebbit would be seen as the most likely result of Mrs Thatcher and Mr Tebbit operating in double harness, is unlikely to produce rapid results in reversing the decline in support registered in recent public opinion polls.

Mr Peter Walker, the Energy Secretary, who is frequently a lone voice in the Cabinet advocating policy adjustments designed to give the Government a more caring and concerned image gave a veiled hint of his anxiety about the implications of an increasingly dominant Thatcher-Tebbit axis in a speech at the Young Conservatives' National

Summer School in Manchester.

He cloaked his call for smoothing away some of the rougher edges of current policies by stressing that the Government's political opponents have succeeded in depicting it as being mean.

Mr Walker, who carefully avoided any direct reference to Mrs Thatcher or Mr Tebbit, highlighted the fact that every recent survey of public opinion has shown that the biggest swing against the Conservative Party has taken place among voters who are under 25.

Role in production of Hawkeye aircraft doubted by MoD

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

SUGGESTIONS that Britain might buy or co-produce the U.S. Hawkeye early warning aircraft were greeted with some scepticism at the Ministry of Defence (MoD) yesterday.

It was reported from Washington that the U.S. had offered Britain a co-production deal on the aircraft following concern over the Nimrod.

The Nimrod aircraft was due to enter service with the RAF 2½ years ago, but despite Elba spent on the programme, it is still plagued with problems. There has been speculation that the project might be abandoned.

Mr John Lehman, U.S. Navy Secretary, spoke in an interview of his country's fears about this possible weak link in Nato's defences. He offered the co-production deal on the Hawkeye EEC now in service with the U.S. Navy.

He said other options were available. The first was that Nato could take more of the U.S. Awacs early warning aircraft, already in service in Europe. But he added: "It is also possible to look at some co-production of the Navy EEC, which is already in service around the world."

The U.S. was looking to develop a land-based version of the aircraft, with a greater range than those now flying from its aircraft carriers. In addition, the Hawkeye's radar and computer technology was being improved in a \$75m programme which would make it "in some ways" better than the Awacs aircraft.

There is no longer any attempt in the MoD to disguise the unease at Nimrod's problems, especially the radar, which look increasingly insoluble - at least in the timescale set by Mr Peter Levene, the new chief of defence procurement.

It now looks unlikely that GEC Avionics will be able to establish the sort of operating capability for the advanced radar system which the RAF wants before Mr Levene's deadline of the end of this month.

Mr Levene is believed to have told Lord Weinstock, GEC managing director, that he wants to negotiate a fixed price contract for the remainder of the aircraft's development - which could take another two years - by the end of October.

While abandonment of the project still looks unlikely for political reasons, ministers may well be considering the possibility of buying or leasing interim aircraft from the U.S. It is still felt that the most suitable candidate would be the Awacs aircraft which is in service with Nato in Europe.

"I like the looks of Lufthansa!"

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Treasury policy over electricity attacked

BY MAURICE SAMUELSON

TREASURY interference in the commercial operations of the electricity industry reduces the industry's efficiency, says the Electricity Consumers' Council in its annual report published today.

Mr John Hatch, the council's chairman, issued the warning because he believes the Treasury is likely to revive its proposals about the relationship between the Government and nationalised industries.

The proposals, which were tabled last December, were withdrawn after meeting a hostile reception. Mr Hatch adds that they appeared to give the Treasury new powers to force up prices and extract the surplus.

Anticipating further proposals,

he says that while reflecting the Government's financial and strategic interest in the electricity industry, they should also recognise the need for adequate consultation with other bodies and the harmful effects of detailed and last-minute Treasury interference with the industry's commercial running.

After praising the electricity industry's avoidance of power cuts during the coal strike, Mr Hatch urges the industry to stick to its policy of meeting short-term costs by borrowing and trying to repay the long-term costs of the strike through lower coal prices.

This had happened to date. Rises in electricity prices, of about 4 per cent this year, were staying below the rate of inflation. The council wanted this policy maintained.

BBC advertising urged

BY RAYMOND SNODDY

THE BBC licence fee should be abolished and replaced by advertising and sponsorship, the Adam Smith Institute argues in its submission to the Peacock Committee published today.

The right-wing institute, which describes itself as a market economics "think tank", says in its evidence broadcasting is not a sacred cow, and the BBC should be put on the same footing as commercial television, newspapers and magazines.

THE BREAKFAST TIME TOAST

At 9am each day the board members of James Burrough may be found making their toast.

That's the time when they sample and "nose" the previous day's distillation of Beefeater London Dry.

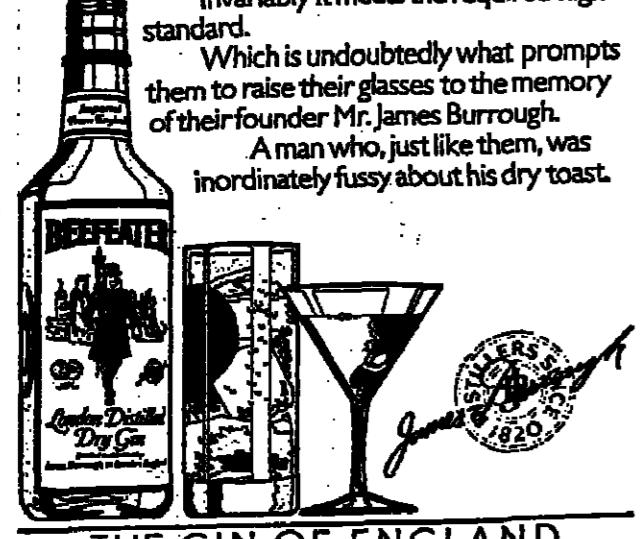
They like their toast to be clear, brilliant and subtly balanced. With a dry softness that doesn't overwhelm the palate.

Only then is it allowed to leave the distillery bearing the proud name of Beefeater.

Invariably it meets the required high standard.

Which is undoubtedly what prompts them to raise their glasses to the memory of their founder Mr. James Burrough.

A man who, just like them, was inordinately fussy about his dry toast.



 Lufthansa

UK NEWS

Guy de Jonquieres on the launch of a trans-European venture

Gambling on the 'custom' chip

EUROPEAN Silicon Structures (ES2), the microchip venture to be announced this week, is a bold bid to create a new type of semiconductor business.

It involves a calculated gamble that by using the most advanced production technology available, ES2 can gain a world lead in an emerging market which appears set for high rates of growth in the next few years.

The company is being deliberately organised on a trans-European basis, with its operations and ownership spread across several countries, to try to avoid some of the practical problems afflicting previous European microchip projects.

Many of these have developed narrowly as national ventures, often heavily dependent on government support and lacking the scale and resources to be profitable and to compete outside their home markets.

As a consequence, the European industry has been fragmented into too many small units, at the mercy of large US and Japanese companies, many of which have established operations in Europe. In the past decade, European semiconductor manufacturers' share of world markets has shrunk from nearly 20 per cent to less than 9 per cent.

The inspiration behind ES2 comes from Mr Jean Luc Grand-Clement, until recently a European vice-president of Motorola's European operations.

The custom chip industry is largely dominated by US companies. However, most are interested

CUSTOM MICROCHIPS
(World market)

Year	Ship	Forecast
1984	1.09	
1985	1.53	
1986*	2.12	
1987*	2.61	
1988*	3.29	
1989*	4.27	
1990*	5.46	

Source: Datquest

*Forecast

only in large orders. They have been reluctant to supply European electronics equipment manufacturers, few of which make products in annual quantities of much more than 1,000 units.

This mismatch between US supply and European demand convinced Mr Wilmet that there was a place for a company specialising in making custom chips in very low volumes of only a few hundred at a time.

"If I am right, what has been Europe's weakness will become its strength," he says.

Such a business would have faced prohibitively high costs until recently. But ES2 is counting on recent technological advances to enable it to make economically relatively few chips from many different circuit designs, instead of following the US practice of turning out large batches of chips from a small number of designs.

It will lay out the circuits for its chips using a technique known as a

"silicon compiler" - a powerful computer software system which dramatically reduces design times. The silicon compilers will be supplied by Lattice Logic, a small Edinburgh-based company, and from the US.

The circuit will be etched onto silicon by a process called electron beam direct-write, which dispenses with the photographic masks used in conventional chip-making techniques.

ES2 has ordered a new electron beam machine from Perkin-Elmer of the US, which is said to operate up to 13 times faster than rival equipment.

ES2 aims to produce custom chips in only two weeks, instead of the 10-12 weeks taken today, for as little as \$10,000 compared with the \$50,000-\$100,000 charged by competitors. It expects costs to continue to fall, opening up a market worth more than \$1bn by 1991, of which ES2 aims to capture at least 20 per cent.

Because ES2 plans to use design and production techniques which are still commercially unproven, it faces risks. Mr Adrian Tarr of Datquest, a market research company which monitors semiconductor markets, believes ES2's prospects will depend critically on being able to meet its own targets of producing reliable chips on time and providing customers with extensive support and service.

But ES2 still has its chosen market to itself, and its founders appear confident.

Child group attacks social security plans

BY ERIC SHORT

A BITTER attack on the Government's proposed reforms of the social security system is made today by the Child Poverty Action Group (CPAG) - the first organisation to submit its response to the proposals.

The group accuses the Government of taking the social security system in a fundamentally wrong direction and entities its submission "Burying Beveridge". Beveridge was the architect of the post-war welfare state.

Proposals to reform the social security system were presented in June by Mr Norman Fowler, the Social Services Secretary.

One proposal in the reform package was the ending of the state earnings-related pension scheme (Serps) and its replacement by personal pensions and compulsory company pension schemes. Discussion to date has tended to concentrate on that particular proposal.

However, the package announced other far-reaching reforms to the short-term benefit system and it is on those proposals that CPAG concentrates most of its attention.

The first proposal considered is the introduction of a new social fund to replace the present supplementary benefit system. Its aim, according to Mr Fowler, was to direct help to those most in need.

New controls urged on dumping at sea

BY LISA WOOD

A CALL for new international agreements on dumping of ships' waste at sea, and improved controls to prevent and deal with losses overboard, is made today by Keep Britain Tidy, an independent non-profit-making organisation.

The recommendation comes in a research document compiled jointly by the group and by the Advisory Committee on Pollution of the Sea from reports of findings of hazardous materials submitted by coastal and metropolitan councils in England and Wales and the Ministry of Defence.

The report shows the potential dangers to beach users finding washed up on-shore containers of toxic chemicals, pharmaceuticals, compressed gases, inflammable liquids, corrosives and munitions.

The survey results showed that of 245 suspected hazardous packages recovered from beaches, 131 were named in the International Maritime Dangerous Goods Code.

The group, in its report, urges uniform comprehensive regulations, similar to those now controlling marine pollution.

Health care company plans to rival NHS

By Lisa Wood

AMERICAN MEDICAL International (AMI), the private health care company, is set to launch by 1988 what it calls the first fully comprehensive health care service aimed at rivaling the National Health Service (NHS).

Over the last 18 months, AMI, with about 1,200 beds in the UK, has acquired health interests including an alcohol unit, a private psychiatric unit, acute screening facilities and most recently the Harrow Health Care Centre, Britain's only private general practitioners unit. The group is currently proposing to build the country's first private casualty unit in Woking.

Mr Gene Burlestone, chief executive officer of AMI, said the pivot of the comprehensive private health care service was the family doctors' service which at present AMI covers by annual subscription and not insurance.

AMI is having talks with Mutual of Omaha, the American private insurance company and with a UK subsidiary on which programmes they could work on together.

Port Ramsgate to have £5m development

Financial Times Reporter

PORT RAMSGATE in Kent, on the south-east coast of England, is to be developed into an all-weather port in a £5m investment by Sally Holdings, the Scandinavian-owned cross-channel ferry operator.

The investment, Sally Holdings said, would enable privately owned Port Ramsgate to develop as a major commercial port and not just a ferry port.

The company said the construction of the M25 motorway had enhanced the prospects of Port Ramsgate, along with other Kent ports. Port Ramsgate offers some of Britain's shortest sailing distances to Belgian and Dutch ports, as well as to Dunkirk in France.

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FINANCIAL TIMES REPORT

Incentive Travel

Stimulating sales with dreams

Travel schemes to motivate staff are growing so quickly that the UK taxman has started to take an interest in the perks

THINK OF a golden beach, palm trees, cool drinks under a clear blue sky, the soft swish of gentle ocean waves; you're thinking about Barbados... or Mauritius... or Hawaii... or any of a hundred places around the world. You're thinking about incentive travel.

Dream it may be but it is also very big business. Indeed it is big enough for the Inland Revenue recently to have set up its own Incentive Valuation Unit in order to cope with the taxation problems involved.

But, if the mention of income tax is too sevens a shock after all that talk of sunbaked sands it might, perhaps, be best to indulge in a few definitions.

Incentives are part of the motivational armoury of today's managers and marketers. You do not, as motivation consultant, David Livingstone, is eager to point out, have to give incentives to motivate. Praising people for good work or frightening them for bad can be motivational tools.

Incentives as meant by the businesses that supply them therefore are a reward or an encouragement in a tangible form. They range from the crystal diamonds in the fast European case. When entangled with pyramids like the corporate umbrellas of the gold men with its discreet logo. They can be offered as part of an advertising campaign to sell more soap powder or as a bonus for on-the-road salesmen who sign up more computer contracts.

And those in the business of selling it will tell you that the greatest of these glittering

prizes is travel. In a business admittedly very short on research it is thought that around £50m a year is spent by British businesses alone on incentive travel and that well over 500 organisations offer travel services as intermediaries between the company seeking to use travel and the airlines, hotels, resorts and other suppliers who are keen to provide facilities. Of these, perhaps 100 are to be taken seriously and only around a couple of dozen are of consequence.

This is minor league stuff by American standards, of course.

Once again the research appears to be incomplete, but estimates of the total incentive travel market in the U.S. would put its value at \$1.8bn at least and perhaps as much as \$3bn this year.

Repetition

If one were to confuse these figures further by including the value of the awards in the U.S. frequent flier programmes, which are after all the travel industry's own incentive travel awards, the figures would once again rise significantly.

Travel is also by far the fastest growing area of the incentive business. The reasons for this are not difficult to fathom. Travel of some sort is the ultimate dream of most people.

It is also something which bears repetition, which means that those who have been to the Seychelles may be happy, and even eager, to go

again if offered the chance, for free, while someone who already has a Porsche might be less enthusiastic about being given another one.

Travel has a broad family appeal, and thus employees or business contacts offered such an incentive are able to share the anticipation with their spouses and, sometimes, their children.

Initially the enthusiasm of destinations and other facility providers was based on the fact that incentive users were often looking for bargains and thus could be tempted into the off, or shoulder, seasons.

This is still the case with a

large slice of the market but, for many companies, the additional cost of a main season incentive trip is minor when compared with the overall cost of the total motivational scheme.

The heaviest users of incentive travel both in Europe and North America tend to be the insurance and motor industries. Insurers use travel to incentivise salesmen and brokers while the motor industry, which is an outstanding example of an industry where the manufacturer has little or no official control over the way his product is actually retailed, uses travel extensively to woo dealers and the press.

Deals in the past few weeks for P & Q Cruises, for example, include the taking of 236 deals for a cruise in the Mediterranean on the Sea Princess while Abbey Life insurance has chartered the whole ship for a

time. It also reflects a desire on the part of the UK Government, while it relaxes the tax burden on the better paid, to tighten upon the previously untaxed perks that those better paid enjoyed.

The tax position, in theory,

is simple enough. In most

countries, but certainly in the UK, there is a tax liability

for everything an employee receives as a result of that employment. It does not matter if that reward comes in the form of cash or jelly beans,

the tax liability remains as does

the responsibility of declaring

the receipt of any such reward during a tax year.

But the plot thickens. While,

in theory, that incentive trip to Madeira to hear about the

new corporate sales programme for the latest range of high frequency wallfolds is taxable there may be ways of reducing or avoiding the tax problems altogether.

In broad terms, if the trip is an offer to all staff in a particular bracket (in other words all the wallfold salespeople, not just the best performers) and if a realistic

time is spent on business matters (that is a normal 8-5 five day week) the tax authorities might well say go ahead. There is no particular difference, in the UK, between a domestic trip or a foreign trip.

Travel industry sources reckon that the taxman is quite willing to accept that getting the salespeople away from their normal environment is a

valid business expenditure—they will listen more in a French country hotel than in the works' canteen.

It is when the trip is offered as a reward for particular performances; in other words when it is a true incentive, that the problems arise. These are compounded by a high proportion of entertainment or free time and made much worse by

Top 10 incentive destinations

From U.S.	From UK
Mexico	Paris
Bahamas	Riviera
UK	Baleares
Caribbean	Portugal
Bermuda	The Costa Rica
Canada	Italy
Italy	U.S.
Cruising	Caribbean
France	Far East
Spain	Austria

Sources: The U.S.—Society of Incentive Travel Executives. The UK—trade source estimates.

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the accompaniment of spouses and children.

In Britain, life is made a little difficult in that the payment of tax is a matter between the individual and his tax inspector. Unfortunately each inspector may well take a different view of what is a true business trip and what is not.

Realistic

At the worst and an inspector may well stick to the strict letter of the rules and say that a weekend in Paris was worth the face value of £500 while the incentive organiser only paid £300 and the recipient would not have gone had he known it was going to cost him more than £500.

Increasingly, however, the reality of the situation is that responsible companies take the advice of their accountants and the valuation unit and reach a prior agreement with the tax authorities.

This involves the payment of tax at the standard rate, on a realistic value of the benefit. The receipt of the award still has to be declared and, for higher rate taxpayers, they may still be a bill, but at least there is no nasty unexpected shock which could suddenly turn what was hoped to be an incentive into a disenchantment.

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We'd be glad to talk to any incentive organisers about their particular requirements. Come and see us at the Incentive Travel Exhibition at the Novotel, London, September 11-12 in Booth 116, where you can pick up a copy of our incentive travel brochure and enter our prize draw for a free TWA vacation to the Hotel-on-the-Ocean in Miami. We're always happy to discuss fares and guarantee prices far ahead of your travel date. Try us.

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Leading the way to the USA



INCENTIVE TRAVEL 2

Arthur Sandles on the stuff that dream trips are made of

With 007 and all that jazz

IT WILL be clear to anyone visiting the Incentive Travel Exhibition in London this month that the destinations and other supplies to the market are enthusiastic about its possibilities. For the incentive shopper, however, the choice is by no means simple.

The ultimate "dream," a desert island in some distant ocean perhaps, with only sufficient sophistication to provide cool drinks and gourmet meals at the right time, may be only unattainable for the corporate board member who may receive (days late) a telex telling of a take-over bid from the nearest rival.

In such situations communications take precedent over dreams.

What then are the stuff that dreams are made of these days? According to Incentives and Promotions magazine, Italy has recently overhauled France as the most popular destination for the UK incentives market. France is now equal second in the runners-up league as a clear indication of the status of the market. Since the survey covered a period when the dollar was at its strongest, the message is obviously that product is of rather more importance than price.

Once again we come back to the perpetual theme from all participants in the industry. "We are in the business of making people feel like winners."

"The incentive serves two functions," says the sales consortium Leading Hotels of the World. "They are to motivate the sales force in the first instance to meet the targeted figures, and second to further promote and regenerate interest in the company's business while on an unforgettable incentive trip."

To do this there are some pretty remarkable offers around. Windtolls, which offers some of the upper of up-market properties in the Caribbean, will offer conference organisers the run of a whole island if asked, including the royal related Minstrels.

Islands, and small luxury hotels, have a particular appeal for conference and incentive travel organisers not only for the "away from it all" element but also because the audience

is trapped. Looked at from the publicists' point of view this encourages a family feeling among the participants. From the corporate users' angle it means that participants are not easily woken away to down-town bright lights when they should be at business sessions.

Perhaps cruise ships take that concept to its logical extreme. Cruising has a very high aspiration element, in other words it is something people want to do but often cannot afford and it also overcomes many of an incentive organiser's main worries.

"For example," says Royal Caribbean Lines, "on a cruise ship you do not have to worry about a spouse programme. It is built into a normal cruise anyway."

Not that the line, like its rivals, will not organise anything that is sought. Comair, P & O, Royal Viking, indeed all the cruise operators will offer incentive organisers anything from a few cabin and a basic incentives package to a complete ship and everything personalised for the participants.

Personalisation and themes seem to be the name of the game these days.

"We have a fantastic James Bond style weekend in the Amsterdam Apollo," says Trusthouse Forte with enthusiasm. "Or there's an Arabian Nights evening under the stars at the Hannibal Palace in Tunisia and jazz themes in New Orleans."

It is a rare incentives trip these days which does not include a few of these "theme" evenings, where the sales director is expected to make just a slight fool of himself in order to encourage the efforts of his sales team and prove that, for once at least, he is almost human.

If the industry itself has themes they are for the de luxe and the exotic. This is not a polarisation nor are they two exclusive. When appealing to the very top end of the mar-

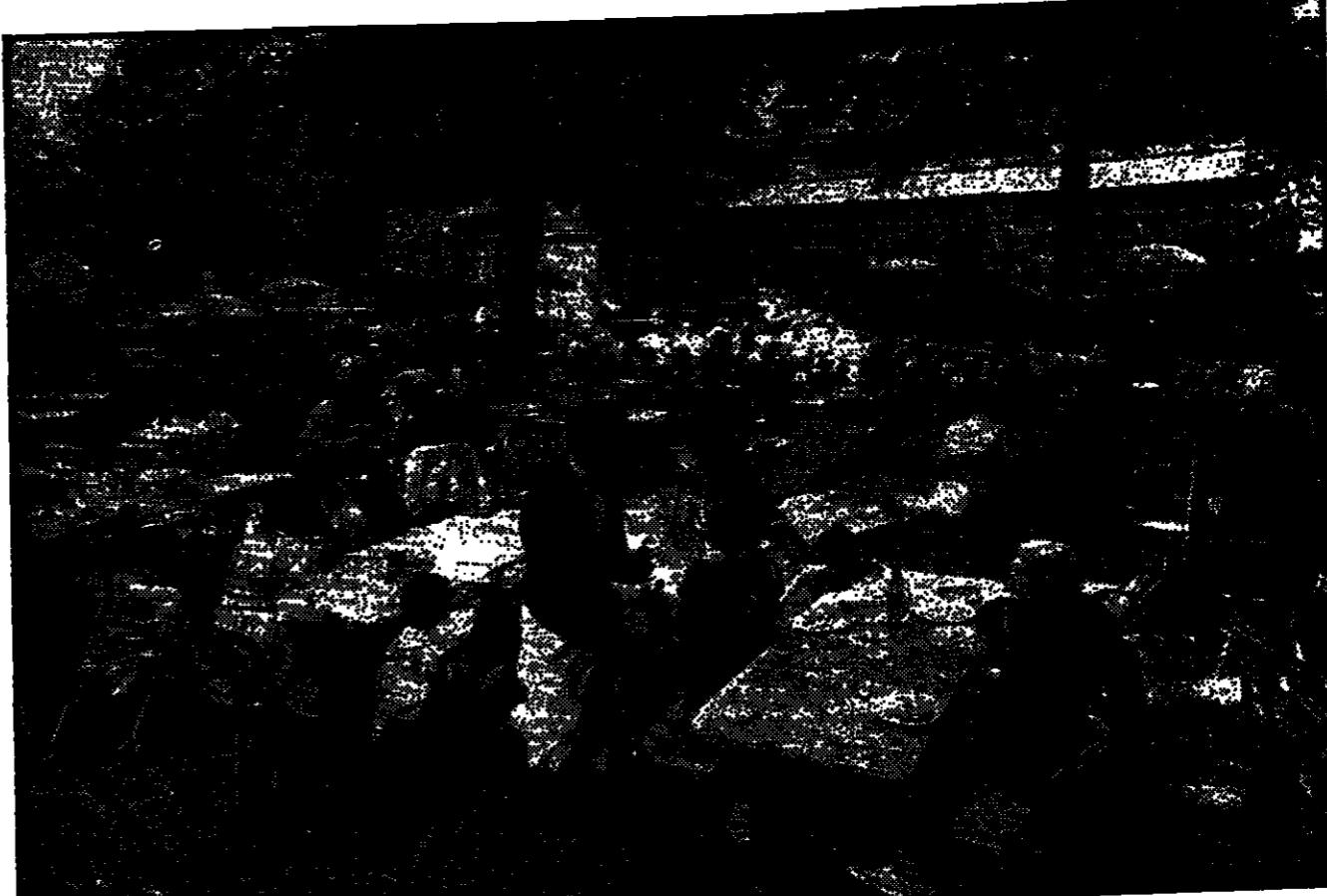
Bahamas, the UK, the Caribbean, Bermudas, Canada, Italy, Cruising, France and Spain. Perhaps the interesting aspect of that list is the absence of Far Eastern destinations but this may be a question of time and distance as much as demand.

Certainly the constant cry of the incentives industry to its clients is for them to lower their sights and offer a better nearby product, rather than skimping on a distant destination.

Indeed the domestic market itself deals with a considerable amount of incentive travel. London is a major "fun" destination, an inland resort town and the growing number of luxury country hotels provide an excellent setting for incentive work. Even overseas destinations provide a spin-off for the home market.

"We do a considerable amount of incentive business in our hotels for people who are gathering before setting off for some foreign place," says John de Trafford of Thistil Hotels.

This gathering, either to say hello or farewell, is yet another element in the battle to turn the sales forces' dreams into sales figures' practicalities.



Paris (above) is the most popular overseas destination for UK incentive travel, while Rio (below) is quickly becoming a leading attraction



A checklist to avoid pitfalls of poor organisation and planning

Executive toy that can back fire

TO SOME extent incentive travel is a new executive toy everyone is playing with. It is, however, a serious management tool, often effective and one which can easily cause problems if employed badly.

The following checklist is offered as an aid to potential users:

- Think well ahead. The basis of incentive travel is the selling of a dream. Its advantages over hardware are its universal appeal and the uniqueness of a clash with other plans.

To make the most of the prize, however, the project must be thought through. It may take weeks even to decide on a destination. To do things differently is a risk of rush can lead to a failure to get the maximum benefit from a travel award. In particular you have less time for assessing different protocols and it is a little irritating to find, having made your final choice, the location is already booked by someone else.

Objectives

- Assess target. Although an increase in sales is the most common reason for using incentive travel as a motivational weapon, the simple act of throwing a glossy award at the top salesmen is not always the answer. Incentive users must find weaknesses that are producing the perceived sales failure.

Care must be used in motivating one sector of the workforce not to demotivate other workers who may feel left out. Up to half incentive travel users have as one their prime objectives

the desire to keep the whole workforce happy.

- Is travel the right incentive? Although travel is the fastest growing of the incentive market it is not the only incentive available. A company seeking to improve staff morale, for example, where the employees are largely young and female might find provision of a creche generates more goodwill than the offer of free holidays to a few favoured staff.

- Seek help. Even if you finally decide it is better to carry out your own incentive programme it is worth calling in sales pitches from specialists in one aspect of the entire scheme. By doing this you will gain some indication of the likely true costs.

Different companies have differing approaches and differing ways of charging. Keep the brief as open as possible to see if any good ideas emerge.

- At the Incentive Travel Exhibition a wide range of destinations will be showing off their wares. This is the tip of the iceberg when compared with what you will be offered as a potential purchaser.

Do not be put off in your choice of destination hotel or cruise ship. Just because a nation or hotel group produced a glossy brochure and the smoothness of sales pitches it does not follow that the product is what suits your needs best.

- Design the pack for your target audience. Even having chosen a destination, journeys have to bear in mind the staff or sales outlets aimed at. Brush salesmen may be motivated by

your trip if you are not spending around 10 per cent more in the south seas but, in the event of winning, may be uncomfortable with the reality. Corporate chairmen may be much more attuned to a short, luxurious trip than by a penny-pinching journey to distant parts.

- Talk with the tax people. Taxation is a thorny subject in incentive travel. Simply throwing in a few business meetings does not remove the tax liability. To give a high-bracket taxpayer a £2,000 trip and then let him discover a year later he owes the taxman £1,000 (plus £1,000 for his wife) is no joke.

The relevant valuation unit is at 27 Broadwick Street, London, W1F 2AE. You should be able to negotiate pre-payment of at least the standard rate tax element in advance. The taxman is sympathetic—if told in advance.

- Follow up carefully: The incentive does not end with farewells at the airport. The good feeling that has been generated should be exploited over the coming months, even with such little touches like letters of thanks for the participants' company, cards posted from the destination and encouragements to ensure that everyone works hard enough to meet again in another resort next year.

Everyone knows there is no such thing as a free lunch and there is certainly no such thing as a free trip to Ocho Rios—and no-one knows that better than a salesperson. They will expect you to extract your pound of flesh, but do so with discretion and charm.

Arthur Sandles

Travel is not just a prize for internal sales forces. Dealers and brokers also benefit MAX CUFF reports

Extra motivation for the independents

THE USE of travel as a motivator is not restricted to company sales forces. The principals of main dealerships, high street retailers and even publicans are as likely to find themselves participants of an incentive travel programme.

Insurance and automobiles are examples of industry where the independent self-employed "broker" or "dealer" is crucial in sales and marketing.

Although not directly employed by the company whose products or services they sell, the dealers provide the most important sales interface with the consumer. A policy or model may be advertised on television by the company, but it is the independent operator who makes the sale. Little surprise, therefore, that incentive travel is widely used by insurance companies and motor manufacturers.

Conventions

Programmes designed for independents also have a marketing communication function not always associated with those designed for internal sales forces. Free-trip literature, which is an important element in well-planned incentive schemes, can provide a medium through which management can address those who sell its products.

The trips, often called conferences or conventions, also provide occasions on which successful independent dealers can meet together and hear company announcements regarding strategy, policy, performance or the launch of new products. The trips provide a cohesion between people who are self-employed and who depend on their own rather than the company's efforts for their commercial success and survival.

Those who successfully run their own businesses are by necessity resourceful, energetic and ambitious and any incentive programme designed for the trade has to take this into account. The most successful—and therefore the most likely to qualify for a trip—are fairly wealthy in their own right. That too has to be taken into account.

There is no such thing as the perfect incentive destination. The south of France may be perfect for one group but may bore the members of another. The delights of Bangkok or the Bahamas may not please everybody. A destination is good or bad depending on the degree it motivates the would-be participants.

The proposed destination has to be somewhere the participants understand and want to go. A particular Caribbean island may have the best beaches in the world but if the would-be participants have never heard of it, or have heard of it in a negative sense (revolution 10 years ago, unrest two years ago, etc) it cannot be used.

A destination also has to offer some quality of experience which the participants would expect to enjoy in the normal course of their lives. There is little point offering a trip to Benidorm to insurance salesmen who can afford to take their holidays in the Azores and little point offering them the Azores either.

The best incentive destination lies somewhere within the participant's horizon of understanding and appreciation and beyond his or her horizon of expectation.

Another important element is the planning and management of each event. To be effective, to send dealers away eager to work harder to sell even more products to enjoy the next-trip, the event has to be unique.

This aspect more than any other differentiates incentive travel from the off-the-peg package holiday. Each incentive trip has to be a bespoke operation, different from any other and unpredictable and as memorable as possible.

Such planning and operation calls for a high degree of specialist expertise and the past 10 years or so has seen the emergence of a number of small incentive travel agencies.

A number of big users now have in-house executives who plan and operate incentive activities, often with the support of specialist agencies.

Abbey Life's conference and incentives manager is Mr Richard Pavitt whose small department in Bournemouth is responsible for the insurance company's well-established and well-groomed motivational programme.

Incentive programmes are paid for out of profits and not out of earnings, he says.

Using incentives supports the 2,500 self-employed people up and down the country who sell Abbey Life's policies, making the company stand in the marketplace and strengthening the policy-holders' position with the company.

The company uses incentive travel in two ways: a target-beaters' travel award takes place every two years and a Chairman's Club event takes place on those years when there is not a target-beater programme. This latest is designed to motivate the 30 or 40 top performers who account for about 22 per cent of Abbey Life's annual sales.

Last year Abbey Life target-beaters enjoyed a trip to Florida's spectacular Boca Raton resort hotel, an experi-

ence most could not repeat for themselves and one made unique by a series of extras including a dinner and stage show produced for the company.

This year the Chairman's Club enjoys Hong Kong complete with a wide range of

activities.

The question posed by most executives planning to use incentive travel for the first time is how much should an incentive really cost—and is it really worth the money? UK incentive experts suggest that there should be self-liquidating, that money spent on organisation is earned by the extra profits derived from the extra sales.

This is a facile way of looking at the business and Mr Pavitt's assertion that incentives are paid for out of profits rather than earnings is more plausible.

Motivated

Using travel and the promise of travel, to motivate salespeople is not cheap and cannot be compared with group or package holidays where corners are often cut in order to reduce costs. The cost of a programme can vary between £640 and £15,000 a participant.

Whether this is a well-spent investment depends on the company's wishes to fit the criteria for qualifying and the objectives the company goes.

A dealer principal is hardly likely to be motivated to sell £1m worth of product in return for a £700 holiday, while a £17,000-a-year self-employed insurance salesman might be overwhelmed by a five-day £20,000 trip including a 10-course gourmet dinner in a palace.

Companies sometimes try to cut the costs of incentive trips for their dealers, often with disastrous results. "The differ-

ence between a £40,000 trip and a £38,000 trip can be success or failure," says Mr David Tonnison, one of the larger incentive specialist agencies.

"If to achieve a certain objective is going to cost £40,000 it is not worthwhile risking failure by trying to save £2,000."

The saved £2,000 can mean lost business and cost the company a good deal more.

There is, however, a difference between spending too much and spending wisely. The best hotel is not necessarily the most expensive and whether an airline is the best buy depends on whether it can provide the right standard of service.

"Service is important," says Mr Tonnison. "When the participants write in and complain about the service they have received at an hotel you know the trip has been a success."

On the other hand Mr Charles Robinson of Conference and Incentive Directions, believes that some clients spend unwisely. "Sometimes they have a tendency to spend too much on the trip and not enough on its promotion," he says.

"It didn't start to end of a trip might be wasteful if the programme was communicated to the world-beat participants in a poor and ineffective manner to cut costs.

Incentive travel is not cheap but is proven to be an extremely effective means of motivating people. Costs can be cut but this must be by expert specialists buying by expert

One thing is certain. The most expensive way of using incentive travel is to buy an inexpensive package from a tour operator and to try to cobble it into an incentive.

Max Cuff is editor of Promotions & Incentives magazine.

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Making
Persists

INCENTIVE TRAVEL 3

Specialists are eager for business, Arthur Sandles reports

Making winners feel loved

IN A recent review of the incentive travel market the U.S. Society of Incentive Travel Managers used words which should be etched above the desk of every marketing director.

"The incentive travel programme should increase the business of the company sponsoring it. But many companies fear it can become a cost of doing business, not a way of increasing business."

"Travel suppliers can help by developing materials that stress the serious, sales-building nature of incentive travel, to help reassure corporate financial officers they are not funding a free-loading junket."

Being fired with enthusiasm for travel as an incentive, a sales building activity, is one thing. Finding the right help to make it that is another.

As with any growth industry the development of the incentive travel market has been accompanied by a surge in the number of companies eager to service it. Too many say some. As any company which has been tempted to take a small part of its motivational or sales efforts is aware, the number of salesmen beating their way to the corporate door clutching folios of the glossiest brochures can be daunting.

Market leaders like Promotivations, E. F. Macdonald, Maritz, the Travel Organisation, and Page & May think that the rush of newcomers and general consumer travel companies moving into the incentive market is a bad thing. But they would, wouldn't they?

Only 20 per cent of companies in the U.S. use specialist incentive travel houses, some 50 per cent use in-house staff, 48 per cent use local travel agencies and 13 per cent rely on the destinations to do the work,

according to the Society of Incentive Travel Executives.

The U.S. market is only a guide to what happens elsewhere. European specialist houses have a smaller area to cover and are less vulnerable to attack by conventional travel agents. Also the specialist house share of the market in the U.S. has fallen over the past year.

"As with so many aspects of incentive travel there are problems of definition, such as what a specialist house is. Those offering incentives may come from a travel agency with some expertise but basically selling off-the-shelf holidays, to a full-scale incentive house for whom travel is only one arm."

Some will have a motivational team which can design an incentive programme from square one; others will farm this out or have associate organisations if such a facility is employed at all.

Costs

For many companies the full weight of a specialist house may not be seen as necessary. It may be felt that local expertise, particularly if it is from the agency which normally handles the corporate business travel account, is more valuable than that of an organisation whose specialist knowledge is in what is available and how to arrange it.

Talking about the costs of incentive travel is therefore like asking how long is a piece of string. Agencies and incentive houses will usually charge for a total package and will not be keen to reveal what rate they are getting from hoteliers.

Our own test of the UK market suggests that the average spend in the mid-upper and of the incentive travel business

is about £1,000 per trip. The variations around this figure are, of course, large.

For the unwary the potential for pouring that money down the drain is considerable. There is room for disappointing the incentive winners, for example.

"People going on an incentive programme are more than just participants on a journey," says M. Xavier Kempf, director for conventions and incentives at the Montreal Tourist Office.

"They are over-achievers

who have reached a very high target and happen to travel together, and who expect to be treated as such—not as a group but as winners."

Or according to Mr Hackett of the Travel Organisation: "Expenditure on incentive travel comes out of clients' marketing budgets. Therefore the effect of travel programmes must not only be measured as whether participants have a good time, but also whether the client achieves his corporate objectives."

The incentive winner who finds a long hectic queue for checked-in at an airport, who then has to wait for hours for a taxi or bus and arrives at an hotel which treats the incentive group like a package-tour party is likely to feel that this was a prize not really worth the winning.

The perfectly assembled incentive package will not only ensure that the basic mechanics of a trip go smoothly (and that there is a fall-back safety system if an aircraft that was heading for Rome, is diverted to Nice) but that there is a suitable array of extras which make the incentive winners feel loved.

Hotels will put gold stars and embossed name-plates on incentive winners' doors. Nightly gifts for winners and spouses,

monogrammed of course, are almost run of the mill.

"We have created a whole Hong Kong street in an Hawaiian hotel, complete with volunteers from the local Chinese community who came in to play ma jong," says Hyatt, which operates at the upper end of the conference market and is bidding to extend its strength in the U.S. market to the European market.

Sales

At this level of sophistication a company using incentives needs either a very efficient in-house department (normally only a possibility where incentives are a normal, and large, feature of the sales activity) or use outside expertise to know what is available and how best this expertise can be used.

One trend which seems to worry some suppliers is the tendency for decisions to be made too soon. Most forms of incentive travel require time for the prize to be used as an incentive, with regular bulletins and a maximisation of the "dream" potential.

There are dangers in long lead-times but contenders may get bored with being told week after week that a holiday in the Seychelles is at stake.

A well-designed incentive scheme takes account of this. It also takes into account the disincentive of sales people, for example, realising that they are not in the running for the prize and thus slowing down.

The main thing to bear in mind is the object of the exercise.

"The importance of incentive travel must not be underestimated, nor the reason for the trip forgotten," Trusthouse Forte says. "Incentives are designed to motivate, whether to achieve new sales targets or improve productivity."

Computer Communications DPAS systems integrated with the Travicom reservations system at a branch of Hogg Robinson Travel in London, one of more than 250 similar installations. The automated ticketing and accounting equipment can produce tickets for a group of 99 passengers as well as personalised itineraries in about 16 minutes while simultaneous invoicing and airline accounting takes place

David Churchill on the techniques of consumer motivation

Persuasion of the razzmatazz

MOTIVATING THE consumer with free travel is perhaps one of the most underexploited areas of sales promotion. Many advertising agencies and public relations "consultancies" are reluctant to commit their clients to linking special sales promotions with travel incentives because of fears that the holiday may not live up to expectations and lead to bad publicity.

Local newspapers, it seems, are quite keen to run the "spectacular" story of a free holiday won. Advertising and PR executives, therefore, are more likely to use the "safer" prize of a car or colour television than risk a holiday.

Yet some companies have successfully used travel incentives as a means of promoting sales in a consumer competition.

One such promotion was for Whitbread's Heineken brand. It was carefully related to the "reaches the parts no other beer can reach" theme used by Lowe Howard Spink in media advertising for the brand.

Promotion

The competition, which was featured at point of sale and promoted through a 10m household door-to-door leaflet drop, invited consumers to guess the point on a map at which a cyclist who had refreshed himself with Heineken would take another ride.

The prizes, like the lager, would not normally have reached the sort of overseas holidays they would not nor-

mally have taken — such as tennis in the Peloponnese, deep sea fishing off Lazarote, and gifting in the Camargue, for example.

Mr David Robson, from the motivational company Bonusplan, points out that "the motivational effect of any kind of incentive programme lies not in the prize that is won but in the accompanying promotion to the recipient." Razzmatazz is that is built into the programme to generate excitement and to promote the competitive spirit.

He adds that "the promotion has to be built around a relevant theme and it makes sense if it is the same theme as the media advertising."

Consumer promotions linked to travel can be used in a number of ways, such as stimulating sales of an old product before the launch of a new one, overcoming initial scepticism in sales, and helping to boost a new product launch.

Travel incentives in these circumstances can add the touch of glamour and excitement to the competition that more mundane prizes lack—even if travel trips carry their own potential pitfalls.

However, as Mr Robson of Bonusplan points out, "consumer motivation programmes do constitute an important tactical market weapon, but it is unfortunate that more companies do not realise their value." He argues that "if a longer-term approach were adopted it would have the effect of preventing some of the fires

that tactical programmes are used to put out."

Probably the classic consumer incentive travel promotion of recent years has been the scheme operated by Lever Brothers and British Rail to promote the sales of detergent and rail travel respectively.

Lever first started offering free train tickets with Persil in 1977, in a test market carried out in the south-west, and had carried out four national promotions since. Customers were offered a free rail ticket in return for proof of purchase of a Lever Bros product which they could use when accompanied by a paying passenger.

Expensive

Market research showed that free rail travel was popular choice with families who viewed rail favourably but were inhibited from more travel by high prices.

In addition, the research found that over 30 per cent of free rail ticket travellers had not been in a train in the previous 12 months. Without their free tickets, some 17 per cent of travellers would have gone by car, a similar percentage by coach, and a quarter would not have travelled at all.

Lever concluded that "this promotion includes a very strong consumer offer and is linked with a proven product partner."

However, because the last ticket offer was a re-run of previous promotions, a public relations consultancy — Jervis

Read PR — was recruited to help boost awareness of the promotion.

Other recent consumer promotions include holders of London Transport Travelcards being offered discounts on Sovereign holidays and collectors of 25 "Bounty" confectionery bar wrappers receiving £50 off a holiday from leading tour operators.

These promotions were organised by a company called Promotivation whose managing director, Mr Mike Morris, points out that "as travel is one of the most expensive items on the family's yearly budget, travel prizes and money offers rate very highly."

He adds that the "trend is towards holidays where people can become involved rather than just laze around sipping a gin and tonic." For a brand of hair spray, for example, Promotivation organised a hang gliding and paragliding prize.

For the travel industry, consumer promotions are not a major part of their business since the numbers involved are quite small compared with the business generated by corporate motivation programmes.

However, most tour companies and national tourist boards are happy to take part in consumer promotions because of the publicity attached to their sponsoring of a prize.

As Mike Morris adds: "We are in the business of creating a dream. The best compliment from the traveller is that they would pay to go themselves if they could have afforded to."

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MANAGEMENT

Corporate strategy

Perstorp's quest for constant renewal

William Dullforce explains the Swedish multinational's sophisticated approach to innovation and expansion



Karl-Erik Sahlberg: sets ambitious targets

The specialty has been formalin chemistry. Formox, its method for producing formaldehyde, has been sold to some 35 licensees, although its polyacetal processing techniques are still carefully guarded.

But what is most fascinating in Perstorp is the intensification of its innovative thinking over the last 15 years and the sophisticated, possibly unique system it has evolved for stimulating research and product development.

Its recent financial performance has been impressive. In 1970 consolidated turnover was Skr 200m; in the current fiscal year to the end of August, it is likely to reach Skr 3.5bn (£309m, \$417m). Sales have doubled over the last five years and pre-tax earnings have trebled to Skr 37m.

Perstorp is a true multinational with 77 per cent of sales and 40 per cent of production outside Sweden in 1983/84. Britain provided 15 per cent of the turnover, with 23 per cent coming from the rest of Western Europe and 21 per cent from the Americas.

Sahlberg has set ambitious corporate targets. He aims for a 20 per cent average growth in sales a year, a 10 per cent profit margin, measuring earnings after depreciation plus financial income as a percentage of sales, and a return on total capital of between 12 and 15 per cent.

Growth at this pace in a specialised, high-technology concern calls for constant renewal within the company and the maintenance of a truly innova-

tive climate, in Sahlberg's view. For the last 10 years his managers have had to learn what they themselves have dubbed the "five commandments":

- We shall seek niches. This means keeping out of markets where economics of scale dictate the rules of the game. Selecting the right segment is a "matter of taste and death"; the nature of the market and the strength of the competition must be thoroughly appraised.
- My nightmare is that we may create a white elephant, a magnificent product that is hopeless to market," Sahlberg says.

- We shall internationalise our business early." Since Skr is too small to support Perstorp's operations, all products have to prove themselves on foreign markets. The second commandment follows naturally from the first.

- We shall decentralise.

Decision points have to be pushed as close to the market as possible and managers shall have leeway to run their businesses. In all companies, Sahlberg says, the dynamic working towards centralisation must be resisted. Under him Perstorp appears to get a shake-up every five years. Last year it was reorganised into nine independent "business areas".

• We shall stay flexible." This means no long-term investment is to be made in capital equipment creating rigidity. Perstorp kept out of petrochemicals

The head of each business area is personally responsible for launching new products on the market. Group practice is

to charge all research and development costs against operating income. Last year these amounted to Skr 110m for the corporate units and Skr 85m at Ideon, the science park at Lund, to finance university graduates working on ideas of interest to the company.

Research done within each business area has renewed the life cycles of many old products. Perstorp Surface Materials, for instance, developed methods of producing laminates under high pressure continuously, in reels instead of sheets; extremely thin laminates for laying over edges and round corners; and thicker laminates to clad building facades.

However, Sahlberg points out, decentralising research in this way leaves a conflict between the one-year horizon of a busily developing director and the costs and earnings and the longer lead time often required in chemistry to develop a new product. The solution is provided by the research foundation and the managing director's fund.

Perstorp closed down its central research and development unit in 1971; it was seen as being too expensive and too specialised. Now each business area is responsible for its own development and on keeping its researchers close to its marketing staff. Sahlberg estimates that 80 per cent of product developments at this level have been prompted by feedback from the market.

A scientific council of six professors and university researchers, each with an international network of contacts, is linked to the foundation. They verify projects and actively

monitor trends in scientific areas important to the company. Perstorp is also spending Skr 20m-30m over five years at Ideon, the science park at Lund, to finance university graduates working on ideas of interest to the company.

The managing director's fund provides risk money for ideas and projects in the shorter term. People can apply for funding to assess an idea, to make a simple test or to do a quick market survey. The philosophy is that ideas are perishable and die if not tried out.

In one case staff members suggested that laminates could be used for flooring, a purpose for which it had been assumed that laminates were not strong enough. The firm found technical tests; laminates were placed on the floor round a heavily used photocopier and Perstorp is now selling laminates for floors to the tune of over Skr 70m a year.

An important role is played by K-G Söderberg, Perstorp's ideas ombudsman. He is a spokesman for people with ideas, a sounding board, a source of contacts and a link man within the company.

The most striking element in Perstorp's "creative base" however, is Perstorp's new technology division, which Sahlberg calls it "the key to revitalisation" of the group. Perstorp is not a venture capital operation; it is a nursery for new business areas.

A scientific council of six professors and university researchers, each with an international network of contacts, is linked to the foundation. They verify projects and actively

acquires embryonic businesses. It furnishes the management and funding to build them into independent business operations. It then transfers them to Perstorp, sells them outside the group or closes the operation.

Three of the nine business areas in Perstorp's new organisational structure originated in Perstorp. These are: Additives, marketing products which colour and modify the properties of thermoplastics; Components, making noise-dampening plastics mostly for cars; Biotec, which covers several operations including analytical instruments and chemicals, separation products and pharmaceuticals. These three units now provide some 20 per cent of group sales and are growth areas.

After 13 years of trial and error Pernovo has built up much experience in fostering new businesses. It has acquired 15 companies and established 14 others. It can nurse a business for five to eight years before transferring it.

Its management has learnt to look for the combination of an idea and a person or "champion". In practice this means that Pernovo tries to acquire small business operations which already have a working nucleus, the beginnings of an infrastructure and a strongly motivated inventor or leader.

The businesses are then "engaged" by turning them as soon as possible into companies. The pressures imposed on the new companies help to ensure the Pernovo management believes. Lastly, the management likes to develop international marketing organisations to spread businesses quickly.

Pernovo has a venture capital operation as part of its "search" function. Through a subsidiary, Pernovo Incorporated, it buys minority shareholdings in U.S. high-tech companies which are thought to be of potential interest for Perstorp's long-term development.

At the top of Perstorp's decentralised and strongly motivating structure is a corporate management board of eight men, most of whom are also responsible for a business area. This board takes the key decisions about which business areas to develop, about acquisitions and about the selection of teams to build up businesses.

Perstorp's experience is that an innovative idea needs the right environment to germinate. It believes that it has developed the tools to help this process but in the final analysis, Sahlberg emphasises, the vital element is to find the right group of people to manage innovative projects.



scheme, but it remains one of the bargains of the business travel market. Basic cover for worldwide travel for a year is £25 which includes the member and members of their immediate family travelling with them. There are additional fees to cover care, loss of luggage and personal liability. The scheme is only available to American Express cardholders.

NISSAN Motor Company has produced a Guide to Tokyo and its Environs. Copies are available free from the Japan National Tourist Organisation, 167 Regent Street, London, W1.

BRITISH Caledonian has launched weekly services between London and the Saudi capital Riyadh. Flights are non-stop using DC10-30 aircraft which depart from Gatwick on Saturday evenings. A second service is planned for October.

BRITISH Airways is changing the audio headsets on its long-haul flights. Current Super Club equipment will become standard for passengers in Economy Class. Super Club passengers will get a new microphone headset. The airline is already warning potential sourcemen that the new headsets will not work on most domestic personal stereos.

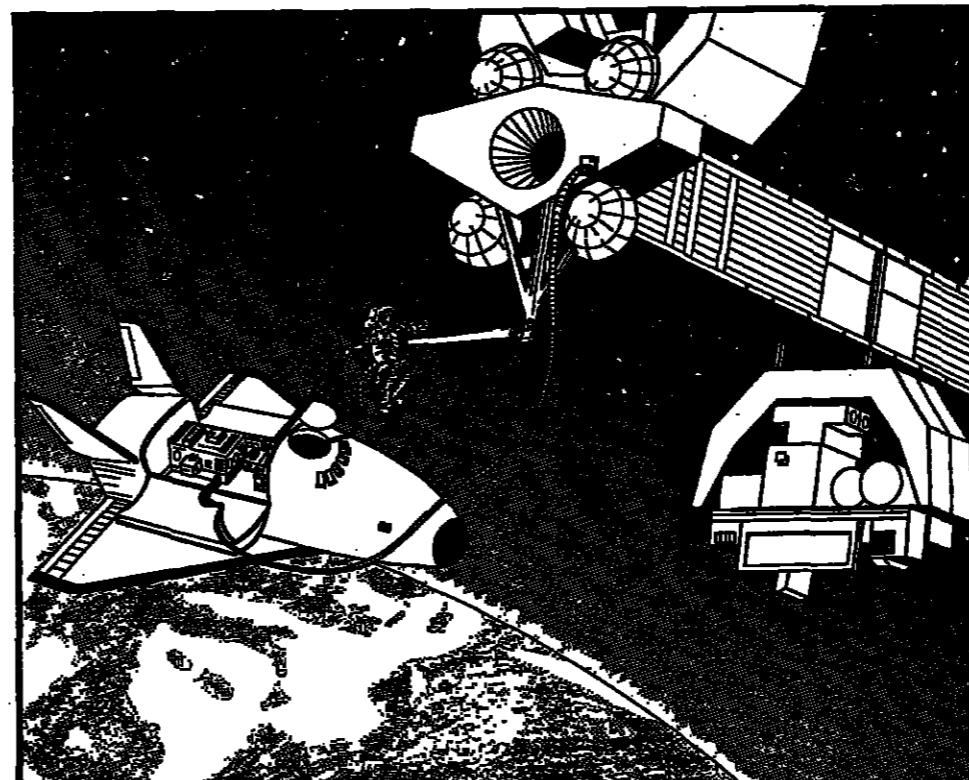
CONCERN is mounting among business travellers over the spread of virulent forms of malaria. Expert advice should be sought about preventative action but one simple first step is to use insect repellents. Jungle Formula (a U.S. product which contains Diethyl Meta Toluamide, or DEET) sold so rapidly when it was launched that the marketing campaign had to be suspended. Now supplies, including a new aerosol pack, are available from local chemists.

THE EVER changing shop and restaurant scene at Gatwick has yet another new addition. A £50,000 pub, the Village Inn, has been opened on the upper floor shopping concourses. The pub which also serves non-alcoholic beverages outside licensing hours, serves traditional pub foods. Sharp-eyed Scottish visitors may spot that the bar counter has been moved from its previous setting in a Clydesdale bank in Glasgow where it had been for 100 years.

RAIL links to U.S. cities from their airports are rare. Philadelphia's, however, which opened in May, has proved a great success. The average trip time is 22 minutes. Peak time fares are \$3.50 one way.

Arthur Sandles

EDITED BY ALAN CANE



Artist's impression of Hermes resupplying an uncrewed platform

TECHNOLOGY

Europe's bid to join the space race

France's Hermes project challenges U.S. and Soviet supremacy. David Marsh reports

EUROPE is about to take a decisive step towards the U.S. and the Soviet Union in putting men into space. The impetus behind the venture comes from France which is seeking backing from the European Space Agency for its Hermes project—a manned "space plane" to be carried into orbit in the 1990s on top of a heavy-duty version of the Ariane rocket.

Later this month, France's national space agency, Centre National d'Etudes Spatiales, will choose which of two competing French aerospace groups—Aerospatiale or Dassault-Breguet—will take charge of building Hermes.

The project has been until now a simple French venture but M. Frederic d'Aleste, CNES director-general, who earlier this summer embarked on a European tour to try to win backing from other nations, says promises of financing more than cover Hermes' estimated FF 1.8bn (£115m) development costs.

France will take a 50 per cent stake in the venture in line with its leadership of the Ariane rocket. CNES hopes the 11-nation European Space Agency will give preliminary backing to Hermes next spring, with a final decision in spring 1987.

The Hermes project is closely linked to Europe's plans to take part in building the

satellites in a payload bay will replace Hermes on top of the rocket (see diagram).

Having a few years ago toyed with the idea of relegating men in orbit to the subsidiary role of tending robots, CNES is now firmly anchored to the goal of assuring European "autonomy" in space through the capacity to keep men there for long periods.

Men in space stations will be required above all to prepare experiments which will lead later to manufacturing in space as well as to adjust instruments and carry out repairs on satellites and orbiting platforms.

Among these growing interests in "space factories," Rousset Uciaf, the French pharmaceutical group majority-owned by Hoechst of West Germany, which recently signed a deal with Matra, the defence and electronics group, to try to produce interferon in space. Experiments will be carried out on the shuttle. Separately, CNES is working with Rousset Uciaf and the two other French drug companies, Rhone-Poulenc and Sandoz, on plans to grow crystals in space for biotechnology purposes.

So far France has had only two astronauts—Pierre Givret and Gérard Grisey on board Salut 7 in June 1984 and Patrick Baudry who flew with the space shuttle Discovery in June this year.

CNES is, however, putting

together a team of about half a dozen new astronauts. They will take part in manned flights with the Americans and Russians over the next few years as well as preparing for the introduction of Hermes.

CNES is also assured of top level political support for Hermes. President François Mitterrand went out of his way to give the venture public backing at this summer's Paris air show. The military factor will be kept very much in the background as CNES lobbies for support from other ESA members, including several neutral countries. But Hermes will be a key link in the chain which could lead to the building of a European space base proposed by M. Mitterrand himself in a speech in June 1984 for defence-related observation and communication purposes.

France, which has been putting Arianes-5 and Hermes together as a package to try to win maximum European support, has been disappointed that West Germany up to now has shown only lukewarm interest in the space plane.

M. d'Aleste says he would like the Federal Republic—which is playing the major role in the Columbus project—to take a 20 per cent stake in Hermes.

West Germany's attitude is likely to be influenced by the CNES decision on industrial

leadership next month. Aerospatiale, which is the leading contractor for Ariane, already has strong links with the Messerschmitt-Bölkow-Blohm forged through ventures in the European Airbus as well as

helicopters, missiles and satellites.

Dassault-Breguet is making a big effort to diversify into the space business to lower its overall reliance on military aircraft sales. But, as the acrimony be-

tween London, Paris and Bonn this year over the company's demands for design leadership of the European Fighter Aircraft showed Dassault-Breguet has hardly any experience of European co-operation.

The operating software for the system is being written by a group at New York University's Courant Institute of Mathematical Sciences.

Parallel processing is believed by many to be the key to high speed computing, but it has proved a particularly intractable problem. Virtually all commercial computers operate in serial fashion, processing one instruction after another. A parallel processor for commercial use is not expected before the late 1990s.

The good news is

FERRANTI
Selling technology

IBM goes in for parallel processing

IBM, the world's largest computer manufacturer, is the latest company to set about building a computer which carries out many computations in parallel.

It has been announced that its Yorktown Heights, New York, research division is designing a machine called the IBM Research Parallel Processor Project which will initially use 64 processors operating simultaneously. It will be possible to extend this to 512 processors, a machine which should be able to carry out one billion instructions a second.

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Computer aid for TV rentals

ELECTRONIC Rentals, which incorporates Visionhire, the TV rental chain, is to use 750 ICL personal computers (PCs) and associated software under a contract worth \$200,000.

One of the PCs will go into each of the 224 Visionhire showrooms and a further 220 will be used by the group's service contractor, Serviscope Electronics, which now has about 200 locations in the UK.

The PCs in the Visionhire showrooms will be installed with a disk drive and printers and will be linked directly by overnight auto-dial-up to the group's ICL 2900 mainframe computer in Preston to consolidate accounts.

Contenders square up for the space plane contest

THE TWO rival versions of the space plane being considered by CNES draw on three decades of French experience in building civil and military jet aircraft, as well as more recent expertise in space and ballistic missiles.

Aerospatiale and Dassault-Breguet have each submitted designs making extensive use of aluminium and titanium carbon fibres for a delta-winged space vehicle. With dimensions roughly half those of the U.S. space shuttle, Hermes is about the size of the Mirage 2000 fighter.

Autonomous missions are designed to last three to four weeks with three to four astronauts on board (of which two will be pilots). Orbital interventions will be shorter, one to two weeks in duration. Hermes will have 35 cubic metres space for materials, with a payload bay 3 metres in diameter equivalent to that on the Ariane-5 launcher.

The pressurised cockpit will be cramped—25 cubic metres, of which about 12 cubic metres will be living room. Hermes will therefore carry six astronauts only exceptionally in shuttling crews to space stations, or in emergencies.

Unlike the space shuttle, which has engines which are part of the vehicle's launch system, the propulsion systems on Hermes will be relatively modest—again keeping down weight and cost.

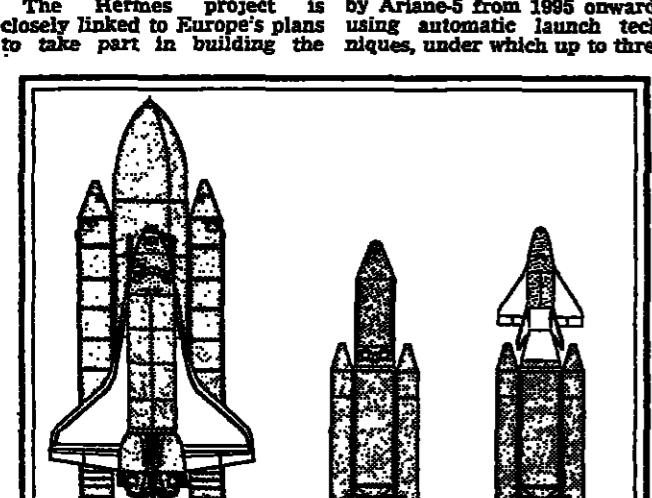
Three engines using propellants such as hydrazine and dinitrogen tetroxide will provide thrust required for in-orbit control and manoeuvring, as well as higher power for going into orbit or de-orbiting.

CNES plans to build two Hermes vehicles. Two to three flights a year are planned once Hermes is operational, rising to four to six once the European space station is built. This would include periods of up to three months when Hermes is

designated to remain docked to orbiting space stations. (It will be dockable to Soviet as well as American and European space stations.)

Dassault has also incorporated into its Hermes design composite materials developed for the Mirage. It was a partner with Boeing and Grumman during initial studies into thermal protection systems for the space shuttle. This led to studies made for the new narrow-body A320 airliner—as well as on Concorde. For thermal protection, Aerospatiale aims to use materials such as carbon fibres already developed for its space and ballistic missile work.

Dassault points out that, although it has traditionally been absent from the space business, it carried out development work during the 1960s on ballistic missiles giving it expertise in re-entry problems. It says it has developed computer programs aimed at stimul-



THE SPACE RIVALS: Ariane is only half the size of the U.S. space shuttle (left), but the French believe it can fulfil much the same function, and more cheaply. This is because, while all shuttle flights are manned, only some Ariane flights will be.

For taking satellites into geostationary orbit, Ariane will be launched vertically, carrying the satellite in a payload unit on top of the rocket (centre). For manned flights, the unit will be replaced by the Hermes space plane (right).

THE ARTS

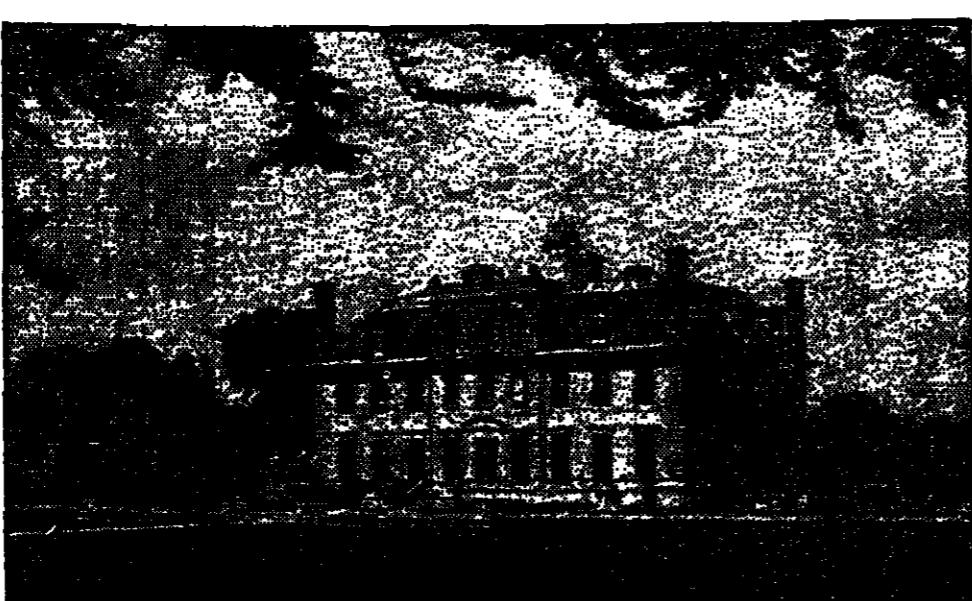
Architecture
Collin Amery

Impeccable restoration in Dorset

IN 1910 Charles Latham wrote in his gloriously illustrated volume, *In English Homes*, about Kingston Lacy, the house that has just been restored by its new owner, the National Trust: "Many and varied in the realms of architecture, of the art of the painter and sculptor and of the decorator's hand, are the things that attract us in this famous Dorsetshire house, which lies within some two miles of old Wimborne Minster on the Blandford Road." The attractions remain the same today thanks to the generosity of the last owner, Mr Henry Banks, who handed over the whole estate with income and capital to the trust which has just completed an impeccable restoration.

For lovers of the history of architecture, Kingston Lacy is an important example of the changes that fashion and wealth bring to the fabric of great houses. The original house, Kingston Hall, was built by Sir Roger Pratt, one of the first gentleman-architect entrepreneurs, between 1668 and 1667. It was an archetype of the Restoration house, "Oblong square" in plan derived from the earlier type devised by Inigo Jones and John Webb and designed for the comfort of a certain Sir George Goring, not unlike Pratt himself. In fact, Pratt was principally concerned to see that the country houses of the English gentry after the Restoration was a perfect example of comfort and elegance.

At Kingston Lacy there is a fascinating exhibition researched and devised by Antony Cleminson that explains the history of the house. In this display there are three models that trace the changes in the house from Pratt, through the alterations of Robert Fussell Brettingham to the final and complete remodelling by Charles Barry employed at



Kingston Lacy, Dorset, which the National Trust will be opening to the public on April 28, 1986, following major repair and restoration

Kingston Lacy from 1834 to 1841. The complex story has been unearthed from archives and the actual fabric of the house.

Because the trust was able to "totally evacuate" the house, carefully recording and storing the contents, the architects Carse and Martin (strangely uncredited in all the Trust's publicity relations material)—had an unusual opportunity to restore and research that entire fabric.

It is an interesting story, one that has already received some pages of architectural history. It is possible at Kingston Lacy to see the only surviving Pratt drawing of the house, a crucial document in the history of English architecture.

What the visitor will see when the house is opened to the general public in April 1986 is the Italianate creation of Barry and the great collector Charles Barry employed at

and traveller William John Banks (1785-1855) to whom we owe Kingston Lacy, now occupied only by National Trust staff.

That the trust has become a house museum. It was inevitable that the contents and decoration would have to be frozen—but it has been done with skill and taste.

Decisions about restoration and repair are taken by large numbers of highly qualified experts. The man on the spot, the local historian, building restorer of the trust, is Mr Tony Mitchell. He has handled the house with great discretion and respect. He has an eye for the orchestration of entire rooms, furniture, fabrics and colours and the great collection of pictures have been looked at as elements in the visual harmony of the house. It is probably fair to say that the collector William Banks was trying to achieve

from his Continental exile was of an exotic and rich palace. The beautifully restored Spanish Room has exactly maintained that flavour—stage set for a passionately conceived collection. Any thinning out of the collection or major rearrangement to suit contemporary taste has to be resisted.

It must, however, be said that the achievement of the National Trust and the comfort of knowing that 18,000 vulnerable acres are now secure for ever, outweighs any objections of taste.

One question will always remain. What is this great show house and estate for? The next step for the trust is to find ways for visitors to learn lessons from the past that can be applied today. It is a delicate and subtle process of education; the trust is perfectly placed to do this. The standards of the entire nation and Kingston Lacy is a beacon on that path.

Not all country houses are as safe as Kingston Lacy. Save Britain's Heritage has just published Julia Welton's report Endangered Domains (published by SAVE, 68 Battersea High Street, SW1, £2), a depressing account of 63 houses in danger. Important houses like Sir John Soane's Felix Wall Hall in Shropshire, part of York's Talbot Hall in Cheshire, Sir George Whitmore-Elliott's Lansdown Castle in Powys, built as recently as 1914, all face uncertain futures. The report tries to be positive, pointing out the success of several historic buildings trusts and the recent run of conversions of country houses into flats. Insidious decay is indeed the enemy of these houses—to demolish them would be tragic. Here are 63 perfect opportunities for conversion and development. The best future for them is to be lived in by as many people as appropriate, in memory what they do have a future.

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G.R.C.O.P./Edinburgh Playhouse

Clement Crisp

Although blazoned outside the theatre—the dreary Old Playhouse—as the Paris Opéra Ballet, the troupe on stage at the end of last week was the gallant handful who make up the Groupe de Recherche Chorégraphique of the Opéra. Under the direction of Jacques Garnier, the GRCOP devotes itself to contemporary dance, a term as misconstrued in France, I'd hazard, as anywhere on earth. Not that the groan jacks experience in the better American styles of modernism and post-modernism—Cunningham, Douglas Dunn, Laraine Childe have contributed to its repertory, and its Festival programme offered works by Paul Taylor, David Gordon and Karole Armitage, as well as native creations.

Taylor's blissful *Aurore* began the evening, was barely recognisable, so thick was the French accent. Without much feeling for the choreographer's bounding joy, for the subtle contrast between airiness and weight, or the shyness of its rhythms, the voices joined in unison, the music was further, unbecomingly lit. Karole Armitage's *Masquerade* brought the evening to a tasteless close, proving that you can end both on a bang from the abominable sound-track and a whimper

from a listener fearful for his tympanum.

I have reported from Paris on this prime example of the New Brutalism, and space need not be wasted on noting its raucous vulgarities, which encompass the unmuted roar of Abyss, Chaperon's minimalist accompaniment for pain-threshold brass and a series of angry and pointless encounters for 10 dancers which pass for choreography. Miss Armitage, in a programme note, seeks to site the thing on Balanchine's *Slaughter on Tenth Avenue*, the putative father, is more probably Artùs the Hun.

The third American choreographer on offer is David Gordon (though he declares that he merely "constructs" his works).

Beethoven and Booth, a recent construction, is an inoffensive little sequence for five couples clad in grey who manipulate grey wooden frames by Power Booth at the

end of a series of tiny games that are by turns going, quiet, and occa-

sionally catastrophic. What is inexcusable is the use of arretons from Beethoven's last piano sonata as accompaniment: the music is too serious to be defaced by Mr Gordon's graphic scribbles.

Three other items in the pro-

gramme indicate what passes for recherche chorégraphique at

the Opéra, and they have an altogether too recherché air for the real world of dance. Jacques Garnier's *Aunts* has three men in white outfits playing at follow-my-leader, with little folk-steps and tunnages and trips, to the sound of an accordion, all of which deals with "the effect of the sea" and "the human life cycle". Messages also come in the largest available size in Garnier's second offering, a pas de deux in Weber's triple-distilled operetta piece *Ours 10*, which are massively diluted as Anne Provet and Jean-Claude Cappare behave like acrobats in the throes of a messy divorce.

About *La couleur des sexes* by Jean-Christophe Paré, a fine dancer in the troupe, I record that M. Paré appears as a schizophrenic spectre of the rose to the accompaniment of four studies for drums by Elliott Carter. "Divided between violet and yellow, introversion and a desire to escape (no greater than mine, I'll wager)." M. Paré plays and slouched and layed a hide in, and a clear discipline of the body. I imagine introversion won. It was that sort of an evening, and not one to bring joy to the heart of lovers of the Paris Opéra Ballet, or of contemporary dance.

Toscanini Competition/Parma

Paul Driver

Parma is not without its musical connections. Toscanini was born there, Paganini is entombed there, and Verdi lived not far away in Busseto. But it was only ten years ago that the city and its region, Emilia-Romagna, gained a fully-fledged symphony orchestra, one of 11 regional orchestras in Italy subsidised by central government. This orchestra, whose full name runs, not surprisingly, Orchestra Sinfonica Dell'Emilia-Romagna

Arte, is actually double the size of the full-time symphony players, with a complement of older and younger players, an arrangement necessary to meet the demands on the organisation for theatrical as well as symphonic performances and regional touring.

It was the younger version which took part in the first Toscanini International Conducting Competition, launched as a tenth anniversary celebration of and by the Emilia-Romagna Orchestra, with support from the Ministry of Tourism and local interests and culminating in two concerts last Wednesday and Thursday.

The competition was open to conductors under the age of 32. Thirty candidates were initially admitted, and they were reduced to 10 who took part in a "Specialisation Course" lasting nearly two months. During this time, guided by Vladimir Demjanov, they worked intensively with the orchestra on works—the symphonies of Tchaikovsky and Verdi's opera *Falstaff*—giving occasional performances in local towns. They then entered the semi-finals, and were reduced to three. For the finals, each conductor chose and directed a Tchaikovsky symphony—Wednesday's concert thus comprised two readings of the "Pathétique" with one of the "Third Symphony" between them—and (the following night) steered an act of *Falstaff* in a concert performance. The jury, consisting of such luminaries as conductors Rudolf Barbić and George Szell, and composer Rudolf Barbić and conductor Artur Schnabel, made their pronouncements immediately after the opera. (The first prize-winner receives £15,000, the second half that, the third £10,000.)

The concerts took place not in the orchestra's usual home, the Teatro Regio di Parma, but in the Teatro Farnese—a part

of the semi-finals, and were re-

duced to three. For the final, each conductor chose and directed a Tchaikovsky symphony—Wednesday's concert thus comprised two readings of the "Pathétique" with one of the "Third Symphony" between them—and (the following night) steered an act of *Falstaff* in a concert performance. The jury, consisting of such luminaries as conductors Rudolf Barbić and George Szell, and composer Rudolf Barbić and conductor Artur Schnabel, made their pronouncements immediately after the opera. (The first prize-winner receives £15,000, the second half that, the third £10,000.)

The Dane, Martin Elmgren, delivered the same work with greater intensity and a more confident sense of its idiom: there was more mobility of texture, bar-to-bar life, in his reading, even though the playing itself was not any better (the oboe failed a false start to the third movement) and the tuttis sounded abrasive as ever. He had a mature presence than the German, a forceful address and a well-rounded technique.

The Italian Carlo Rizzi brought to Chaikovsky's third and least distinguished symphony a conducting style seemingly compounded of bravado and naivety. It got him through the performance (not without a

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Monday September 2 1985

The espionage jungle

THE SPY scandal in West Germany is embarrassing and dangerous in more ways than one. The extent of the damage caused by the defection of one of Bonn's chief spycatchers remains a matter of conjecture. Potentially, at least, it is great. No less so, however, is the security affair on the Nato alliance. At a time when Washington and the European allies are at odds about many issues outside the security field, the impression conveyed that a key member of the alliance may be less than reliable is extremely disturbing.

Screening
Bonn must do everything in its power to put its house in order. The dismissal of Herr Heribert Hennbroich, head of federal intelligence and previously head of counter intelligence to which the defector belonged, can be justified on the known facts but is not, by itself, enough. Tighter screening of those with access to secret information is a clear necessity.

This matter needs to be tackled at cabinet level. Along with political responsibility, there must satisfy themselves that the necessary precautions are taken and rigorously enforced.

It is often argued that the division of Germany into rival eastern and western halves has made the Federal Republic especially vulnerable to Communist agents. It is true that East Germans have an automatic claim to citizenship in West Germany under the constitutional arrangements there. No doubt that can make it easier for the East to introduce agents into West Germany.

Moral
No power will resounce cloak and dagger since there are advantages to be gained. We know that information stolen in the West enabled the Soviet Union to build its nuclear weapons sooner than would otherwise have been the case. We know that as a result of the latest case to be published in the U.S., the American navy has fears for the safety of its submarine.

So intelligence and counter-intelligence will remain important activities for the West, too. But governments must ensure that their agents steer clear of unnecessary or potentially damaging freelance activity as is alleged in the Greenpeace case.

The moral — if one can speak of a moral in so murky a situation — is that political control must be made as tight as possible, both to prevent adventurism and to ensure that someone can be held responsible in cases of lax security. That was not the case in Bonn where ministers were kept in ignorance of key facts or made insufficient effort to find out for themselves.

Hidden issue in AUEW row

UNIONS IN any democratic country generally support the Left of centre party or parties; they are usually chary, though — and are increasingly so — of becoming too bound up with these parties. The British TUC and the Labour Party remain closely tied for historical, financial and political reasons; but the affair of the Amalgamated Union of Engineering Workers which now threatens to dominate the TUC congress in Blackpool this week illustrates that it is not necessarily to the advantage of either, and that the link may be weakened with benefit to both, and to the country.

Principle
The obvious crisis which confronts unions observes, but is closely tied to, an issue of as great importance. The momentum which is gathering behind the expulsion of the AUEW masks a continuing dilemma for the TUC: its relationship with the Labour Party, and especially with a future Labour Government.

The AUEW has found itself enmeshed in the TUC's disciplinary process by flouting the "principle" adopted with other at the Wembley Special Congress in August 1982 — unions must not take state aid for postal ballots available under the 1980 Employment Act. The engineers' union has done so, supporting its action by gaining a 12-1 vote from its members in favour of it. No one — including the engineers — pretends that the AUEW has done other than break the rules. The question is why, and for what end does the TUC wish to assert its authority?

Discipline
The AUEW argued that the Wembley principles are rendered irrelevant by the passage of time: defiance of the kind proposed is now the norm. In view of the question now, and the principles are in any case breached in letter and spirit by many unions who permit ballots on closed shops, change their rules to accommodate them to legislation and ballot on political funds.

The TUC, however, argues that the AUEW has taken the only fully conscious decision at national executive level to break the strict letter of a

CHADDERTON, a dilapidated factory suburb of Manchester, looks an unlikely rival to California's Silicon Valley. Yet here, among the decaying relics of Britain's industrial past, is the birthplace of a microelectronics innovation which has created one of the fastest-growing high-technology markets in the 1980s.

The heart of the breakthrough is Ferranti's electronics division, modestly headquartered in a converted textile mill on Industry Street — appropriately a very short street indeed. Its achievement was to pioneer more than a decade ago a technology known as gate arrays, which enable microchips to be designed and built to specifications laid down by individual customers (see box).

Initially gate arrays, also known as semi-custom components, occupied a fairly narrow niche in the semiconductor market but in the past five years, world demand has exploded. Total sales of semi-custom devices soared by 50 per cent last year to \$935m and will reach \$3.6bn by 1990, according to market research firm Dataquest.

Yet Ferranti has captured only a small part of that growth. Though it is still among the world leaders and makes handsome profits from this business, its share of the world market has fallen to around 10 per cent from 30 per cent five years ago, and it is likely to fall further.

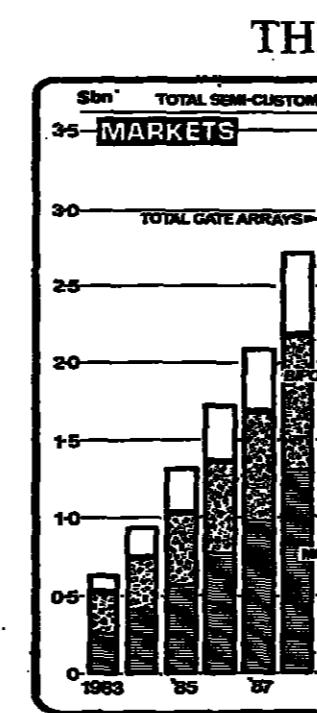
For Ferranti's critics, its slippage is a missed opportunity of a kind which Britain's electronics industry can ill afford if it is ever to secure more than a minor role on world markets. It is also a textbook example of how Europe's lag in high-technology industries is often due much more to management and investor attitudes than to a shortage of good technology.

Ferranti had a five-year world lead and they're in danger of blowing it," according to a senior executive of another large UK electronics firm. He, like some other critics, fears that unless Ferranti becomes much more aggressive, its risks sliding still further down the league table in the next few years.

Alan Shepherd, managing director of Ferranti Electronics, admits in a conservative management style. But he insists that it was unrealistic to expect a company of Ferranti's size to continue to dominate such a rapidly-expanding market, which has attracted almost 100 other suppliers and is subject to increasingly severe price competition.

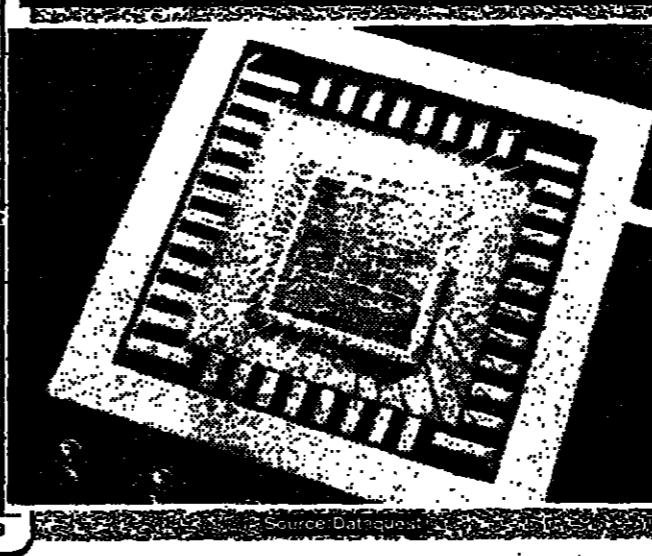
The Ferranti group's total turnover — which also includes defence electronics, computers and instrumentation — was £568m last year. That is quite small in international terms and, according to Dr Shepherd, adds little margin to the taking. "Do we want to be a world semiconductor leader?" he asks. "The answer is, we can't afford to. We have never been able to go for growth at the expense of high profit margins."

Ferranti has nonetheless not been standing still. It has spent more than £20m in the past



THE MICROELECTRONICS INDUSTRY

Semi-Custom & Gate Array Worldwide



How Ferranti's world lead slipped away

By Guy de Jonquieres

three years to double production capacity and is expanding its development facilities. Its current capital investment budget is about £15m a year.

Its total component sales rose 35 per cent to \$28.9m last year, up 16 per cent in price terms. Its operating profit to \$10.3m. Semi-custom business is not broken out precisely but is said to have grown by more than 40 per cent last year to exceed \$26m, most of it with customers other than Ferranti.

Demand for semi-custom components has been largely unaffected by the recent deep slump in sales of mass-produced "standard" microchips, which form the bulk of the semiconductor industry's output. Ferranti's own order book remains strong: at the start of this year, it amounted to 80 per cent of production capacity.

However, customers have begun to demand delivery of custom modules and the company has also felt the impact of the financial troubles at personal computer companies Acorn and Sinclair Research, which at their peak accounted for 15 per cent of its semi-custom turnover. As a consequence, Dr Shepherd expects lower growth in sales and profits this year than last.

About half Ferranti's semi-custom business is in Britain, where customers include ICL and Jaguar Cars, and almost a third in the US, where it bought Interdesign, a small chipmaker in 1977. In West Germany, Siemens Bosch and Nixdorf Computer are major clients. Ferranti also has an operation in Hong Kong and is discussing a plan to set up a Chinese joint venture with

authorities in Guangdong province.

But competitors are running just as fast — or even faster. They include heavyweight chip manufacturers such as Motorola, Texas Instruments and Intel of the U.S., and Fujitsu, Hitachi and Toshiba of Japan as well as several European companies. Intel, a leader in "standard" chips, expects semi-custom and other "application specific" components to account for almost a third of its turnover in a few years.

Probably the brashest and most aggressive contender is LSI Logic, which has grown at

A LOW-COST BREAKTHROUGH

MOST TYPES of microchip are mass-produced to fixed specifications, requiring customers to design their equipment around them. The company may then be programmed to perform the required functions.

Ferranti's breakthrough was to develop a device, known as an uncommitted logic array (ULA), which could be tailored easily to do a specific task. This was achieved by making a chip with several layers of standard circuitry but leaving the top layer "uncommitted," so that the circuits on it could be joined up to suit individual customers' needs.

The technique offers bespoke "full custom" chips, with all their circuits laid out for an individual customer's specifications, but at much lower cost. A single ULA can do the job of several mass-produced

breakneck speed since it was founded in 1981 by Mr Wilf Corrigan, British-born former chairman of Fairchild Semiconductor of the U.S. Two years ago, it raised \$147m in one of the largest initial public offerings by a U.S. venture capital-backed firm.

Last year LSI Logic's turnover rose 142 per cent to \$84.5m, and its capital investments started to exceed \$82m. From its California base it has expanded rapidly to Western Europe and Japan, where it recently agreed to establish a \$100m joint venture with Kawasaki Steel. By 1992, it aims for a turnover of

\$1bn.

According to Dr Shepherd, Ferranti is constrained from taking an equally adventurous approach by the need to maintain the loyalty of its shareholders. Partly, no doubt, to never take over bids, the company sets its financial targets more modestly than most of the rest of the semiconductor industry. These call for a 25 per cent annual return on investment and a 25 per cent year-on-year increase in pre-tax profits.

Plenty of people in the UK electronics industry sympathise with Ferranti's problem of reconciling the needs of a voraciously capital-intensive risk business with the stock market's emphasis on short-term results. According to home computer pioneer Sir Clive Sinclair: "There is a real question whether it is possible to become a world leader from a British base when the City is so reluctant to give the necessary support."

Ironically, however, the City has fallen over itself to help finance LSI Logic — even before it had a proven track record. British-based venture capital funds were among its early backers and provided most of the \$10m which it raised in its second round of venture financing in 1982. Last year UK institutions subscribed £15m in a private placement of the company's shares.

In the process, the dividing line between "semi-custom" and "full custom" chips has become blurred, and may eventually disappear altogether. For instance, European Silicon Structures, a company whose formation is reported in today's Financial Times, aims to use advanced technology to make custom chips which will compete directly with gate arrays.

Men and Matters

Pickens stables his war horse

There must be several chief executives in the U.S. oil industry who will breathe easier following the news that T. Boone Pickens, the Texas oil man, is liquidating his Mesa Petroleum by turning it into a limited partnership.

But it is really likely that an incomes policy (however it might be described) based on a close relationship with the unions, will be the centrepiece of a future Labour government. "Do we want to be a world semiconductor leader?" he asks. "The answer is, we can't afford to. We have never been able to go for growth at the expense of high profit margins."

Pickens has nonetheless not been standing still. It has spent more than £20m in the past

Reluctant genius

An artist will be able to move out of his garret into modest prosperity this week as the winner of the £25,000 Athena International Art Award, the biggest arts prize in the country.

But whether Terry Maher, chairman of Athena, is entirely happy with his excursion into arts sponsorship is a moot question. As well as making the lives of artists easier, Athena was looking for new products for its poster business.

In the event only two of the 98 pictures chosen by the judges for an exhibition at the Mall Galleries are regarded as commercially exploitable — a placid landscape by Chris Wild, and a Roman invading Britannia by Tom Dewhurst.

In a side room at the galleries another 24 works will be shown. They are the ones that Athena will reproduce but which the judges, including Lord Annan, Bridget Riley, and Norman St John Stevans, considered to be brash to merit a public display.

There must also be disappointment at the quality of the trawl. Of the 1,600 entries the 98 selected fell far short of the 300 or so originally envisaged for exhibition.

The art world reckons that artists, for all their presumed poverty, are suspicious of sponsored competitions.

Next year Athena might well be back. But I expect it to switch its cash incentives to a hunt for the best photographic geniuses.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 2ND SEPTEMBER, 1985.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 30th August 1985, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

£100 million 3 per cent TREASURY STOCK, 1988

£50 million 3 per cent TREASURY STOCK, 1990

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 30th August 1985 as certified by the Government Broker.

In each case, the amount issued on 30th August 1985 represents a further tranche of the relevant Stock ranking in all respects pari passu with that Stock and subject to the terms and conditions of its prospectus (as save to the particulars therein which relate solely to the initial sale of the Stock) and subject also to the provision contained in the final prospectus of the notice: the current provisions for Capital Gains Tax are described below. Copies of the prospectuses for the Stocks listed above, dated 4th April 1985 and 24th June 1985 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 8AA.

Application has been made to the Cornhill Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable

Stock Redemption date Interest payment date

3 per cent Treasury Stock, 1988 15th May 1988 15th November

3 per cent Treasury Stock, 1990 8th May 1990 8th November

The further tranches of 3 per cent Treasury Stock, 1989 and 3 per cent Treasury Stock, 1990 will rank for the interest payments of £1.7916 per cent and £1.1592 per cent due on 13th November 1985 and 8th November 1985 respectively on the existing Stocks.

Each of the Stocks referred to in this notice will be specified in the Schedule 2 to the Capital Gains Tax Act 1979 as a gilt-edged security (under current legislation exempt from tax on capital gains on disposals made on or after 2nd July 1986, irrespective of the period for which the Stock is held).

Government statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or the Financial Services Commission undertake to disclose tax changes decided on but not yet made, even where they may specifically affect the terms on which the Stock is held.

Computer News clearly regards the development as a somewhat frivolous application of technology and suggests the logical extension: "Shoes which rattle round and round the house like the Invisible Man."

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BANK OF ENGLAND
LONDON

30th August 1985

Good for a loan

Housing finance is still his business, but Richard Lacy is leaving behind the consumer end of the market where he made his name.

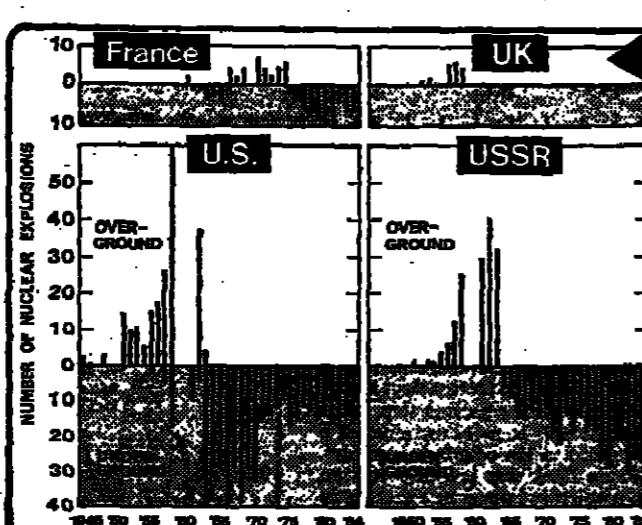
After only a short spell as chief general manager of the Birmingham and Bridgwater Building Society he is moving across to head the newly-formed National Home Loans Corporation, which plans to take over the loan books of local authorities and other financial institutions.

Former colleagues in the building

FOREIGN AFFAIRS: NUCLEAR TESTS

The silly season excels itself

By Ian Davidson



Nuclear Explosive Tests



AUGUST used to be known as the silly season, because newspapers outdid each other in ridiculous stunts to try to sustain flagging reader-interest during the holidays. It may be something to do with the lousy weather in northern Europe, but this year the silliness of the season has been simply supplied, not by the inventiveness of news editors but by the grotesqueness of events in the real world. Most grotesque by far has been, and remains, the Greenpeace affair, or Tricot fiasco.

Admittedly, the competition has been intense: the British and American Governments, while our backs have been half-turned, have been particularly assiduous in mishandling and trivialising affairs where serious issues are at stake and rendering them ridiculous in the process, entitling ridiculous.

Most bizarre is the American allegation that the Russians are using a carcinogenic tracking dust against U.S. diplomats in Moscow. It belongs with that earlier charge, that the embassy was being bombarded with microwaves, whether true or false, about the question why the U.S. should receive it, and can only recall the confused George C. Scott in Dr Strangelove claiming that the Russians were after his "vital bodily fluids".

While the South African crisis deepens, with incessant

The chorus of derision and incredulity

Killings and arrests, President Ronald Reagan emerges on top form to claim that Mr P. W. Botha's reforms have largely eliminated racial segregation in that country. Hasty corrections follow from embarrassed bureaucrats in Washington. Not to be outdone, Mrs Thatcher's Government insists, almost alone in the civilised world, that economic sanctions are not an appropriate response to the state of emergency in South Africa: what is required is more prosperity. It does not take long for the market, to start imposing their own sanctions.

Moscow scores cynical propaganda point by announcing a four-month moratorium on Soviet nuclear testing as from August 6, the 40th anniversary of the dropping of the first atomic

bomb on Hiroshima, and suggesting the Americans match the move; the gambit is hopelessly foiled by the Americans.

First they pour scorn on the Soviet proposal, claiming it has only been made because the Russians have just finished their current series of tests, including three in the week before the deadline; then President Reagan appears to suggest a moratorium which would be permanent or temporary, but only after the U.S. has completed its own new generation of nuclear weapons, the megaton warhead Midway missile.

In reality, the Soviet offer is not worth much, except as propaganda which may impress some countries in the Third World. A five-month pause can have very little impact on a weapons programme which has already chalked up a grand total of over 550 nuclear tests; and the last time there was a testing moratorium, observed by the Soviet Union, the U.S. and the UK (but not France) from 1958 to 1961, it was broken unilaterally by the Soviet Union with a series of 40 atmospheric tests over eight weeks. (The U.S. claims this was the largest series of high-yield nuclear tests ever conducted; but in the same year the moratorium the UK conducted over 75 tests, 50 of them in the atmosphere.) Nevertheless, even as propaganda, the Soviet proposal is at least consistent with its declaratory policy of seeking a negotiated ban on all nuclear testing.

Much more peculiar, if Presi-

dent Reagan is to be taken seriously, is the American counter-offer of a permanent moratorium after the pending series of tests. From 1977 to 1980 the two superpowers and Britain engaged in negotiations on a comprehensive nuclear test ban and made considerable progress; but after the 1980 presidential election, the incoming Reagan administration took a long, less enthusiastic view of the whole idea, and in 1982 decided against a resumption of negotiations. Ostensibly, a comprehensive test ban is still a long-term objective of the Reagan administration; but it claims that under existing arrangements such a ban would be insufficiently verifiable. In reality, the administration also believes responsibility is bound to remain intact at least until the murder trial in New Zealand of the two French agents, and that does not even start until November.

Third, the episode has given massive publicity of a beneficial kind to the Greenpeace movement and its campaign against nuclear testing, while casting France, a nuclear power, in the role of bully and international terrorist. It does indeed seem incredible that the French political authorities could have been so crass as to have sanctioned such an operation, but that is the way it must seem without much more credible information.

In the first place, the chorus of derision and incredulity which has greeted the Tricot report from abroad, the entire French press, "Tricot wastes water," is drowning comparisons with the Mitterrand administration. In an age when the military fool-up might not have occurred, but if it had,

press criticism would have been tempered by respect for Pétot and stiffened by nationalistic defiance of the outside world. After all, General de Gaulle even rode out the Ben Barka scandal without turning a hair.

Second, even if Bernard Tricot's bald exculpations were against all the odds well founded, they will not be believed in France or abroad unless alternative culprits for the sinking of the Rainbow Warrior are found and the wide-spread assumption of French responsibility is bound to remain intact at least until the murder trial in New Zealand of the two French agents, and that does not even start until November.

Third, the episode has given massive publicity of a beneficial kind to the Greenpeace movement and its campaign against nuclear testing, while casting France, a nuclear power, in the role of bully and international terrorist. It does indeed seem incredible that the French political authorities could have been so crass as to have sanctioned such an operation, but that is the way it must seem without much more credible information.

Fourth and most important,

the sinking of the Rainbow Warrior is not the end of anything, whoever was responsible.

It is merely an event which heightens the stakes in the continuing struggle by Greenpeace to draw public attention to and if possible disrupt the French nuclear testing programme at

its Mururoa atoll in the Pacific. President Mitterrand has publicly and unambiguously ordered the French armed forces to repel all intruders from the test zone, by force if necessary; indeed, the French have used force against Greenpeace in the past. But in the wake of the sinking of the Rainbow Warrior and the killing of the Dutch-Portuguese photographer, it will be politically more difficult for them to sink the replacement vessel, the Rainbow Warrior II, in search of peace. Which brings us back to the central issue of nuclear testing.

Critics contest the validity of the first two claims, and describe the last three as potentially dangerous. Without these decades of testing, it would have been much more difficult for the superpowers to maintain the arms race. The proliferation of multiple warheads has been mainly responsible for weapons proliferation over the last decades; multiple warheads are time inconsistent. Tricot's assessment of French responsibility is bound to remain intact at least until the murder trial in New Zealand of the two French agents, and that does not even start until November.

It is easy enough to see how all this applies to Mrs Thatcher's problems. Keyesian economics, according to the fashionable view, have become unworkable because the strategy has been rammed through; a result, injecting cash into the economy simply drives up prices—which a monetarist would certainly regard as a rational expectation.

At the last NPT review conference, in 1980, the non-nuclear states were so dissatisfied that they refused a final communiqué; this time they might even try to mount an explicit condemnation of the nuclear states.

Arms control is no substitute for an improvement in the political relations between the superpowers; the chances of that happening will be judged by the Gorbachev-Reagan summit in November. But it is deeply damaging to the West that the U.S. should be widely blamed for the deadlock in arms control. And the sinking of the Rainbow Warrior hasn't helped, either.

HERE is a rather obvious statement about the game of poker. A player who wants to make a big coup by bluffing will first want to establish himself as a *stolidly unimaginative* player who bets on the actual cards. But an opponent who notices this suddenly will soon suspect that he is being set up for a bluff; so you might as well bluff any time you feel like it.

The conclusion of all this is that the Government should abandon its policy, but that it should increase its credibility by joining the EMS. This is equivalent to changing the rules of the game, submitting every hand to the EEC Commission before betting.

Mr Keating at least deserves high marks for an amusing novelty; this seems a highly original argument for joining the EMS, a policy which I happen to favour. However, I would not like to rely on this argument, for it seems to me full of holes.

Even in its own game terms, it is easy to stand on its merit; for if the Government (or a poker player) knows that people believe it is going to bluff, then bluffing won't work, so the Government won't work, so again people who think through that far will no longer expect the government to bluff, so bluffing would work...

But there is a more serious flaw. Let us aside the fact that people do not treat their economic life like a game of poker, and the further fact that even if they might rationally think Government policy wrong even if it was consistent, there is a profound logical flaw: the analysis contains no information about actual expectations.

Mr Keating has fallen, in short, into a trap which economists seem almost unable to see since they started to use computers: he feeds in a theoretical construct, and then imagines it is evidence. All he has actually produced is a computerised tautology. Yet expectations are out there, and can be ascertained, as such luminaries as Dr Gallop and the CBI constantly remind us. Back to the coifase, Mr Keating.

However, as Mr Giles Keating of the LBS shows (and this is no surprise), Keynesian policy would actually work very well if everyone believed it had been abandoned. Refusing while proclaiming TINA would work a treat (and perhaps it did in 1982-83). The trouble is the poker prob-

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FTB

CLIP THE COUPON AND START COUNTING FAST

Selling life assurance

From the Registrar,
Registry of Life Assurance
Commission

Sir—Your leader on the selling of life assurance (August 30) accepts too readily the proposition that the simple disclosure of commission is the best way of avoiding abuses in the sale of life policies.

The companies supporting the register, I am convinced that this is not the case. They are adopting a series of maximum commissions which will be made widely available to the public. Persons taking out a particular type of policy with the member offices will know that commission has not affected the advice they receive from intermediaries; that they are financing only the going rate; and that there can have been no bidding up, no volume overrides and no conflict of interest. There is no reason why innovative policies should be shut out by such scales. But those policies should be sold on their merits, not on extra commission.

This is a better deal for the consumer than simple disclosure of commission at the point of sale.

Malcolm Reid,
Alderman House,
Queen Street, EC4

Mortgage interest
relief

From Mr R. Morrow
Sir—The answer to Mr Murphy's problem surely lies in his statement (Letters, August 21). "The Treasury" was never legally entitled to collect, etc., and his assertion that it has not suffered loss by the grant of tax relief. If, for the sake of the easy arithmetic, we take simple figures, the difference to him, and to the Treasury, is clear:

With relief £100
Annual income 100
Mortgage interest paid 20
Tax at 25% 25

£55
Free cash left 55

With the grant of tax relief, the Treasury receives £5 less than it otherwise might, and Mr Murphy has £5 more in his pocket to spend. What is paid to a lender in interest certainly counts as his income, and is taxed accordingly—but the Treasury would get that tax anyway, in either of the above scenarios, because it counts as

Letters to the Editor

fresh income on receipt. Thus it is irrelevant to comment that "tax liability follows the interest"; however true that matter may actually be.

As far as I know, however, tax relief on mortgage interest paid is not compulsory, so if my explanation does not satisfy Mr Murphy, I have little doubt that the Treasury would accept his unilateral renunciation of relief—by withdrawing, perhaps, from MIRAS? For the rest of us, the law may let!

R. A. H. Morrow.
Via Etica 6,
I-00141 Roma

Bulgaria's debt record

From the Director,
Council of Foreign Bondholders
Sir—In the report (August 29) on the new \$100m eight-year credit for Bulgaria, your correspondent refers to the country's reputation for paying debt on time as having made it a particularly popular borrower.

I think it should be made clear, however, that that reputation does not extend to Bulgaria's pre-war bonded debt in sterling and other currencies which has been in default to both capital and interest for some 45 years. Bulgaria has admittedly reached settlement with a number of countries, but these have often been on very poor terms for the lenders.

Negotiations with the British Government have taken place from time to time for many years but have yet to produce an offer which bondholders could reasonably be recommended to accept.

M. Gough.
35, High Street,
Bromley, Kent

Less of a shock

From Mr M. Lydon
Sir—for several years I have found it convenient to have my quarterly Eastern electricity bill debited to my Access account. Clearly the EEEB is happy with this arrangement, and it must be quicker and more labour-efficient to collect a block of receivables in this way.

If Southern Electricity's financial director (August 28) views it differently, despite his customers' wishes, that is up to him, but it is astonishing that he should expect the credit card companies to "forgo commission charges" as a condition of accepting payment in this way. Does SEB provide its

services free? Does Mr Tysoe? Has he really looked into the matter at all for the possible benefits to SEB as well as to its customers? Perhaps a word with his counterpart in SEB is indicated.

M. A. Lydon.
89a Theobald Street,
Borehamwood, Herts

Speedy Atlantic crossings

From Mr D. Booth
Sir—to add further speculation to the Atlantic speed debate (August 28) what did the Queen Elizabeth actually achieve?

I well know that the large liners were converted into very high speeds through the western Approaches, zig-zagging, of course. But the 6th Destroyer Flotilla regularly escorted the Queen Elizabeth at 35 knots in 1945. It therefore was a surprise when no formal peace run was actually made by QE; perhaps to let the Queen Mary keep her record? Of course the Manxman class of minelayers could have done it at 45 knots easily.

Would someone open up the QE's log perhaps?

D. J. Booth.
44, Laven Road,
Lymington, Hants.

Window-box appeal

From the Co-chairman,
Ecology Party Council
Sir—it is not surprising that our "more established parties" have problems in devising consistent environmental policy which they are pleased to call green and you point to a major underlying problem in your editorial of August 28. If one considers a clean unpolluted, diverse and sustainable environment to be a priority, the desire is bound to conflict with our present industrial way of life and choices have to be made.

Green political thinking believes that we need to change the planet come before environmental damage. Industrial processes: red, white, blue and orange political thinking wedged as it is to the industrial society and present definitions of economic growth, cannot share this belief.

Green political thinking believes that we need to change the planet come before environmental damage. Industrial processes: red, white, blue and orange political thinking wedged as it is to the industrial society and present definitions of economic growth, cannot share this belief.

Lombard

Playing games with TINA

By Anthony Harris

HERE is a rather obvious statement about the game of poker. A player who wants to make a big coup by bluffing will first want to establish himself as a *stolidly unimaginative* player who bets on the actual cards. But an opponent who notices this suddenly will soon suspect that he is being set up for a bluff; so you might as well bluff any time you feel like it?

The conclusion of all this is that the Government should abandon its policy, but that it should increase its credibility by joining the EMS. This is equivalent to changing the rules of the game, submitting every hand to the EEC Commission before betting.

Monday September 2 1985

Terry Byland on Wall Street

Interesting question of regulation

IN CONTINUING to trade the securities of South African stocks last week, during the temporary closure of their home markets, Wall Street was following the line taken in London and other international centres. There was never much doubt that dealings would be maintained outside South Africa, and in the event, there were no fireworks in New York. Gold mining stocks, which had fallen sharply in previous weeks, gave a little further ground. Those "orderly markets" so beloved by regulatory bodies were maintained.

But the response of the New York markets was not without significance for the quest for the global securities market in which Wall Street is leading the pack.

Stocks in the South African gold producers - Buffelsfontein, Kloof, Vaal Reefs and the like - are mostly traded in the U.S. on the Nasdaq or over-the-counter (OTC) market, in the form of American Depository Receipts (ADRs). Since ADRs are receipts for stock already deposited in U.S. banks, trading them does not directly change the balance of worldwide shareholdings. But offshore trading in international stocks like the South African gold producers will become increasingly important as markets become more global in nature.

The other form of investing in South African mines, widely favoured by U.S. private investors, is in ASA, the closed-end investment trust which invests in the stocks and is quoted on the New York Stock Exchange.

With the time differential working to its advantage Wall Street knew that dealings in South Africans were already continuing in London and other European centres several hours before opening time in New York.

Both the NYSE and Nasdaq kept a low profile on the issue of whether trading should continue in New York - Nasdaq taking the slightly specious attitude that market-making on the Nasdaq system is voluntary anyhow. Some market-makers seem to have been told that if they elected to withdraw from making markets no one at Nasdaq would hold it against them.

The view generally held, although not expressed by any regulatory authority, was that since it was the South African Government and not the Johannesburg Stock Exchange which halted dealings in U.S. markets were not required to take notice - a curious attitude to those not employed in the securities industry.

Deals soon started, and by mid-session the traders were complimenting themselves on having again demonstrated that investors will always find a safe, recoverable market in the U.S. when they need to trade stocks.

But the South African incident underlines a newly-revealed truth in the New York financial markets. It has become almost impossible to stop dealings in New York in any security that investors, or speculators, want to trade.

On the same day that the markets decided to continue trading in South African stocks two major U.S. issues were temporarily suspended on the NYSE. Both Westinghouse Electric and Union Carbide were suspended after disclosing plans for significant changes in their respective corporate structures.

Both stocks were immediately quoted in the third market where stocks are traded off the floors of the NYSE, the Amex and other U.S. stock exchanges. After a brief flurry on these off-floor markets both stocks were restored to quotation on the NYSE, where they played a dominating role in the day's trading session.

When circumstances call for a halt in trading of a stock the NYSE now restricts the halt to three hours. This decision followed a series of embarrassments where speculative issues were traded on the third market while suspended on the big board - Walt Disney Productions and Warner Communications are the two most quoted examples.

The third market played no role in last week's trading in South African stocks. There was no need to, since there was no shortage of Nasdaq and NYSE market makers willing to deal. But there can be little doubt what would have happened if the major exchanges had tried to restrain trading.

Last week's dealings in South African stocks has provided a reminder that as markets become increasingly international, so will the question of regulation. As matters stand, a truly international takeover battle could raise any number of interesting possibilities.

Sterling, interest rates 'threaten' UK recovery

BY ANATOLE KALETSKY IN LONDON

HIGH INTEREST rates and the strength of sterling are rapidly reducing Britain's inflation, but they are also eroding business confidence, threatening the economic recovery and undermining political support for the Thatcher Government.

These messages are conveyed strongly by two major surveys of business opinion published today by the Confederation of British Industry (CBI), the employers' organisation, and the Institute of Directors (IoD).

The CBI monthly trends survey for August shows a "distinct downturn" in order books, a deterioration in export prospects and the highest build-up of stocks since January, 1983. As a result of the gloomy survey, the CBI's economists have reduced their forecast for GNP

growth in 1985 from 4 per cent to 3½ per cent.

Although the CBI's official growth forecast for 1986 remains unchanged at 2½ per cent, Mr David Wiggleworth, chairman of the Confederation's Economic Situation Committee, said yesterday that businesses had suffered "a job to confidence". He warned that high interest rates and exchange rates will "lead to a weakening of competitiveness, lower investment and ultimately lower growth both next year and in the longer term."

However, favourable effects of the Government's tight policies also emerge clearly from the CBI's survey. Fewer companies expect to raise their prices than at any time in the past five years and the CBI staff are now forecasting that inflation will decline to 3.5 per cent by mid-1986.

This positive news in the battle against inflation should remove any lingering fears that the Government might have about further cuts in interest rates, Mr Wiggleworth said. The Institute of Directors (IoD), meanwhile, issued a separate attack on the Government's performance on the basis of its own bi-monthly opinion survey. Although directors' views about their own companies' general performance remain bullish, expectations about output, profitability and the general economic environment have all declined from the peak levels reached earlier this year.

The IoD also found a high level of political disillusionment with the Government. Among the senior executives interviewed, 46 per cent of respondents expressed general dissatisfaction about its performance, against approval by 38 per cent.

Hopes rise for agreement over British newspaper dispute

BY OUR LABOUR STAFF

MURROBERT MAXWELL, publisher of the British Mirror Group Newspapers (MGN) told print union leaders last night that he had reached an agreement with the National Graphical Association (NGA), the print union, over the dispute of typesetting of the Sporting Life out of the building.

Over the weekend, Mr Maxwell further increased pressure on Mr Dobbins to reach a deal by issuing a statement declaring that he would begin contempt proceedings against the NGA for breach of an injunction obtained a week ago requiring the union's members in Manchester to print the northern edition of the Mirror normally if no settlement emerged.

Before yesterday's talks, he said: "With good will and an understanding of the reality of the situation I am convinced that we can reach an agreement. Otherwise I must take the inevitable step of asking the court to require the

union to comply with the order which was granted to Mirror Group Newspapers requiring the NGA to lift its blocking of MGN production in Manchester.

Since the dispute began no copies

of the Mirror, Sunday Mirror, and the Sunday People have been printed in London and Manchester.

On Friday, Mr Maxwell announced that he would never again publish the Sporting Life title and that it was up for sale.

Following Mr Maxwell's meeting with Mr Dobbins, he met with officials from SOGAT '82 - who were later scheduled to meet the NGA. Mr Harry Connolly, general secretary elect of the National Union of Journalists was also called up to Mr Maxwell's suite during the afternoon's lengthy negotiations. Since the start of the dispute the NUA has volunteered itself in a potential peacemaker role in Mr Maxwell's dispute with the NGA.

S. African violence escalates

Continued from Page 1

and Mr Giulio Andreotti of Italy - were not allowed to visit Mr Nelson Mandela, the African National Congress leader, at the Cape Town prison where he is detained.

Pressure on Pretoria to release Mr Mandela mounted yesterday as the U.S. Administration emphasised the importance it attached to the issue and hinted that it favoured including the banned ANC in negotiations over the country's future.

The comments, by a State Department official, came on the eve of crucial talks with Dr Gerhard de Kock, governor of the South African central bank, on its financial and economic problems.

After the EEC delegation's three-hour session in Cape Town with Mr Botha, the South African Government yesterday issued a statement reaffirming its commitment to its "reform programme" and pledging an end to the state of emergency imposed on July 20 as soon as the violence abated.

The statement, while couched in conciliatory terms, gave no indication of any significant shift from the cautious reformist programme outlined by President Botha earlier this year.

The first reaction from observers in South Africa was that it contained no big concessions - such as an immediate end to influx control or a willingness to negotiate with the banned ANC, which the delegation could present to the forthcoming meeting in Brussels of the EEC political directors. The apparent absence of concessions may also widen the gap between Britain and West Germany - which oppose economic sanctions - and the rest of the Community, which is broadly in favour of selective measures as an indication of growing impatience over the slow pace of change.

The Government also said the state of emergency "will be lifted as soon as violence abates, and the position of detainees" over 1,100 are currently held under emergency laws "will be reviewed as violence reduces". Influx control regulations would be "reviewed" said the statement, adding that Riba (S355m) were earmarked for black urban development over the next five years.

Amid conflicting statements about anti-strike measures, the black National Union of Mineworkers and the mining companies involved prepared last night for a strike at seven mines affecting 10,000 workers.

Playboy Enterprises accounts qualified

BY TERRY DODSWORTH IN NEW YORK

AUDITORS for Playboy Enterprises, publisher of the U.S. Playboy magazine, are intending to qualify the accounts of the publishing group for the year to June 30 because of uncertainties over the company's ability to collect income due on a \$37.5m note.

The results for the year, announced in advance of the accounts, showed net income of \$8.7m, or 71 cents a share, on sales of \$162m. Profits included \$2.5m of tax benefits resulting from loss carryforwards.

Playboy said that its accountants, Price Waterhouse, would qualify the accounts because of concern over the settlement of the sale of its stake in the former Playboy Hotel/Casino in Atlantic City, now renamed the Atlantis Hotel/Casino. The stake was acquired by Enchanted Corporation, a subsidiary of the Elsmore group, controlled by the

Prizker family of Chicago, for \$7.8m in cash and \$45.5m in a note guaranteed by the hotel.

The first instalment of \$12.1m in principal and interest was received promptly in April, but Miss Christie Hefner, president of Playboy, said that the company was concerned over the Atlantic Hotel/Casino's recent operating losses.

Playboy has been going through a period of readjustment after losing \$80m in 1982-1983.

It sold its London casino in 1982 after a licence renewal was refused,

and decided to leave Atlantic City, in New Jersey, after the state case-

control commission said it was

unwise to operate there unless it cut its links with Mr Hugh Hefner, its controlling stockholder. In its

1984 fiscal year the company made

net income of \$27m, or 27 cents a share.

As a result of the weekend's events,蒙蒂德森 now controls a number of diverse financial assets such as a 25 per cent stake in La Fondiaria, one of Italy's leading insurance companies, plus stakes in other major insurers.

BI-Invest surrenders control to Montedison

By James Buxton in Rome

BI-INVEST, the Milan-based financial group, has formally surrendered to Montedison, Italy's giant chemical group, to bring to an end one of the most significant takeovers battles in recent Italian history.

Montedison, which already owns

38.8 per cent of BI-Invest, is to

consolidate its grip on the company by acquiring the shareholdings of the Bonomi family, estimated at 32 per cent. Sig Carlo Bonomi has re-signed as chairman and managing director of BI-Invest.

The move by Montedison, taking the group away from its core chemical and pharmaceutical activities into insurance and property, is estimated to have cost up to £500m (£267m).

The battle began in early July when Montedison acquired from financial operators a 38.8 per cent stake in BI-Invest which had been built up steadily on the Milan stock exchange. That deal put Sir Bonomi into a position of minority shareholder in his own company.

Montedison's most severely offended by BI-Invest's industrial establishment, Sig Bonomi was a member of the club of top industrialists, including names like Agnelli, Pirelli and Orlando, who control the holding company, Gemina, the biggest single Montedison shareholder. They expressed strong disapproval for the action of Sig Mario Schimmi, Montedison's chairman.

BI-Invest took legal action against Montedison and resorted to other tactical devices in order to try to block the takeover.

But the moves failed. Sig Bonomi had abandoned his attempt to defeat Montedison and agreed to sell his stake in BI-Invest held by himself, his family holding company. Though the exact size and value of the stake have not been officially disclosed, it is believed some 32 per cent of BI-Invest is being sold for an estimated £270m.

BI-Invest, however, will buy back BI-Invest's stake in three companies: Saffa, which makes matches and packaging material; Postal Market, Italy's leading mail order company; and Invest International, which looks after BI-Invest's interests abroad.

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Shares on sale in UK store

By David Goodhart in London

FOR THE first time in Britain, shoppers will be able to buy and sell shares "over the counter" when, a week today, stockbrokers Quilter Goodison open a "money centre" in Debenhams' store in Oxford Street, London.

If the experiment is successful it is likely to lead to the opening of similar centres in a high proportion of Debenhams' 65 stores, providing a wide range of financial services and advice in addition to share trading.

Mr Tony Richards, a partner in Quilter Goodison, which is headed by Sir Nicholas Goodison, confirmed yesterday that the money centre would be opening in Oxford Street next week but said that further details would have to wait upon a press conference scheduled for September 9.

The move to high street share shops is a timely attempt to tap the wider public interest in share ownership arising from privatisation - especially of British Telecom - and the growth of company share option schemes.

Quilter Goodison has already done some pioneering work in this field. At the time of the BT flotation it opened up units inside many department stores - including 25 Debenhams' stores - to distribute prospectuses and collect applications for shares.

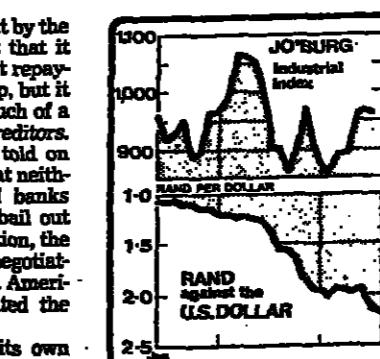
The Oxford Street money centre - which has been given the go-ahead by the London Stock Exchange - will be staffed by about half a dozen trained Quilter personnel backed up with information services such as Prestel, Elexel and also two-way radios. A partner will also be available.

Although new to Britain, the practice of buying and selling shares in shops has been familiar in America for some time, most notably in an arrangement between stockbrokers Dean Witter Reynolds and its parent company Sears Roebuck.

Mr Robert Thornton, chairman of Debenhams which was taken over recently by Mr Ralph Halperin's Burton Group, was not available for comment yesterday.

THE LEX COLUMN

S. African winter for the banks



sign deals in securities, at least any more overseas panicking will be channelled through the financial rand, leaving the commercial rand stable enough to allow companies to do business.

Foreign companies with subsidiaries or associate companies there will still be able to receive dividends, probably in commercial rands, but pulling out of the country altogether may be difficult. If they are allowed to bring the proceeds back, it may have to be at the lower financial rate.

At either rate, industrial disinvestment does not look attractive. In sterling terms the value of companies' rand assets has nearly halved since the beginning of the year. Given the state of the economy, there can be few domestic buyers, anyway. Financial institutions, who have to keep their money in the country, are awash with cash but industrial companies are not. Even if a foreign company could find a buyer for its subsidiary, the taint of distress selling would do no good for the price.

Central banks and supranational institutions like the IMF must hope that South Africa's actions will be contagious. Just last week, Mexico was making worrying noises about whether it could afford to repay its debts.

Even its underlying economy is not as well equipped to cope with the world as it was in the 1970s. When inflation was high and everybody expected an energy crisis, an economy which produced gold and coal was bound to perform well. In an era of low world inflation and a depressed oil market, South Africa's exports are much less valuable.

The effect of the freeze on the world's banking system may not be too disastrous. Banks with the greatest exposure to South Africa - Barclays and Standard Chartered in the UK and a group of Continental European banks - are not those which have lent heavily to the Latin American debtors. No UK bank had

such as 5 per cent of its assets tied up in cross-border lending to South Africa at the last year-end. But Standard Chartered and Barclays should be prepared for a dent in profits if South African companies who have to keep their money in the country, are awash with cash but industrial companies are not. Even if a foreign company could find a buyer for its subsidiary, the taint of distress selling would do no good for the price.

So companies who, unlike McAlpine last week, have not managed to pull out of the country will probably see the effect of the rand's depreciation hitting both their balance sheets and their profits. Even if earnings from South Africa match last year's level, their share value will be way down. Unless the book value of their assets underestimates their current worth, write-downs could be necessary.

Political risk

The South African Government may hope that a reimposition of two-track exchange controls will attract investors back to the stock market. It works like the old system, foreign investors will be able to buy shares in financial rands and earn dividends in more valuable commercial rands. But with yields on gold shares now 12 to 13 per cent, the payback period is seven or eight years



SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Monday September 2 1985



American Airlines terms less tight than feared

BY ALEXANDER NICOLL IN LONDON

KERNLY awaited terms on a \$300m financing for American Airlines emerged on Friday and were less demanding than the market had feared.

In a summer market virtually starved of excitement, each stage of the Dallas-based company's deal has been accorded undue drama. First there were suspensions - denied subsequently by the borrower - that the airline would attempt to syndicate the deal itself, without lead managers. Then there was a tense bidding match between aspirant managers. After that fierce competition, the terms were expected to be very tight.

The seven-year deal, led by Bank of America with Bank of Montreal and Sumitomo Bank as co-leads, carries a maximum cost to the borrower of 40 basis points.

Backing a note facility, which will include a tender panel mechanism, will be a standby including a swing-line. The standby, like an increasing number of other deals, comprises an "available" amount set by the borrower each six months according to its expected drawing needs and a "reserve" amount making up the remainder.

The facility fee on the available amount - set initially at 15 basis - is 12½ basis points and on the reserve amount, 7½ points. The minimum fee is the 10 point initial average.

Margins on standby drawings will be 12½ basis points above London interbank offered rate (Libor) for the first five years and 17½ points for the remaining two. There will be a utilization fee if the facility is more than 50 per cent used, rising to a maximum of 10 basis points if it is more than 75 per cent drawn.

American plans to use the facility as a standby. At end-June, it had a \$1.6bn cash surplus. But it has an \$8bn capital spending programme between now and 1987.

Terms have also been refinanced for \$1.85bn refinancing for Woodsides Petroleum, operator of Australia's North-West Shelf gas project. The deal has been controversial because doubts about Woodsides' ability to raise the financing led to a \$800m takeover bid earlier this year from Broken Hill Proprietary and Shell, resulting in their current ownership of 79 per cent of the company. Then, some members of the lead management team for the original \$1.4bn package arranged in 1981 dropped out of the replacement deal.

The new facility will back issues of floating rate notes and commercial paper as well as export credits and other potential financing methods. Terms have been hammered out by the managers, including Deutsche Bank as syndication coordinator and Chase Manhattan as

agent, and by Morgan Grenfell as Woodsides' adviser.

Margins on the \$1.85bn expected to be needed, to draw either in cash or letters of credit, will initially be 1½ percentage points above Libor. At a trigger point in the early 1990s, when production and shipping facilities are sufficient for a given level of LNG delivery to Japan, the margin will drop to 1 per cent. It will rise back to 1½ per cent if repayments are not made all by February 1998, or if key coverage ratios are breached at any time.

Spreads on the remaining \$300m facility to meet contingent financing needs will be a quarter point higher in each case. Commitment fees on "available" amounts to be projected by the borrower each year, will be ¾ point and on "un-available" amounts ¾ point.

Almost 60 banks participating in the existing financing are being asked to take part in the new one.

Use of the securities markets in non-recourse financing is not unprecedented, but is an important new method of bringing a broader range of investors into project finance.

For Australian borrowers, the method is particularly attractive because 10 per cent withholding tax must be paid on bank credit but not on securities.

Malaysia restricts ownership of banks

By Wong Suiong
in Kuala Lumpur

BANK NEGARA, the Malaysian central bank, has issued a new directive restricting the ownership of banks. The maximum equity stake in a bank is to be limited to 20 per cent for a corporation, and 10 per cent for an individual or a family, including direct and indirect shareholdings.

The new ruling to diversify bank ownership follows several recent cases involving bad loans incurred by Malaysian banks owned and managed by a small group of individuals.

It is not immediately known whether the new regulations will obstruct Maika Holdings, the investment arm of the Malaysian Indian Congress, from seeking controlling interest in the United Asian Bank.

Maika recently obtained agreement with three Indian banks to purchase their 33 per cent stake in UAB. The deal has aroused substantial opposition from several Malay groups.

Negara has also decreed that all banks must enforce its ruling on non-performing loans from January next year. Under the ruling, introduced last September, banks will have to treat a loan as non-performing and suspend interest if the borrower has not serviced it for 12 months or more.

The central bank also recommends that the Government amend the Banking Act to make it a criminal offence for any bank officer to extend credit in contravention to statutory limits or internal authorised limits.

CGE, the nationalised engineering and electronics group, will get 40 per cent of the shares and Dumez, the private construction group 12 per cent.

The new shareholders, which include Electricité de France, the

Mis-priced issues return to market with a vengeance

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

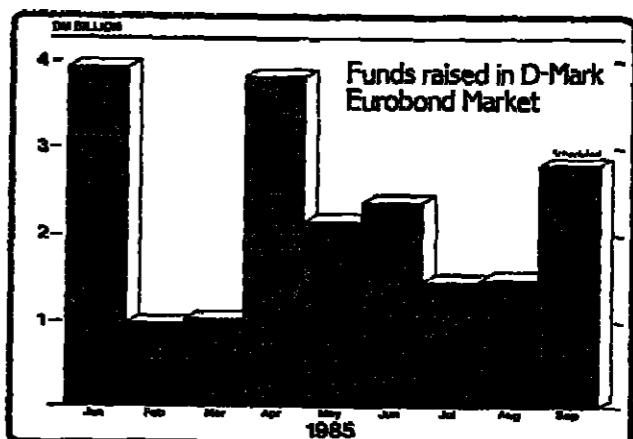
IT MAY NOT exactly be an old phenomenon with which bankers are endearingly familiar. Last week it was back with a vengeance - the mis-priced deal.

After a period in which investor demand for U.S. corporate names had picked up in Europe, allowing a succession of carefully-priced deals to be tucked away with the investing community, new issue managers suddenly began to misread the market. The result was a spate of issues on over-ambitious terms that failed to elicit much excitement at all.

Worse still, several of the deals were for large amounts so that the total volume of new fixed rate paper hitting the market in a holiday-shortened week was an indigestible \$1bn, considerably more than the \$785m of a week before.

This is a lot to ask from a market which is certainly not investor driven at the moment. On one level it simply reaffirms the adage that old habits die hard. When big ticket borrowers such as Texaco, GMAC and General Electric Credit ask for bids, everybody has to scramble if only to keep face in a market where league tables do count.

But there is another possible con-



clusion from last week's debacle and it may be more relevant to the market's present consternation. This is that the launch of so many large deals all at once is what one senior banker described as "a good bear signal". In other words the borrowers may have got tired of waiting for interest rates to go down some more; indeed they may now be expecting them to harden.

If that is so, there must be implications for other markets too. Harder dollar interest rates could help the dollar to firm again - the U.S. currency rose by more than six pennies to nearly DM 2.82 last week - and that spells potential disappointment for markets which are heavily currency driven such as that in Germany.

Certainly new issue managers did not get much help from New York last week, particularly on Friday when bond prices on Wall Street fell following a surge in Monday supply. That just left most of last week's new paper looking even more out of line and by common consent only the \$250m GMAC issue was left looking reasonably unscathed. Other deals were trading outside their fees with those from General Electric Credit Texaco and Security Pacific (Australia) dubbed Ecu 500m.

With the European Investment Bank poised to launch an Ecu issue on a confident note with an Ecu 125m, 8½ per cent issue for R. J. Reynolds which was well received, but an oversupply of new paper began to weigh on trading as the week wore on and secondary market prices closed with losses of about ½ point. One factor was soundings by Italy for a large issue, which some bankers said could total as much as Ecu 500m.

In Switzerland, where bond prices closed the week generally firmer on average, a feature was the continuing poor performance in secondary trading of recent dual currency issues. The Philip Morris bond entered secondary dealing on Tuesday at an eight point discount on its Swiss franc issue price and though by Friday the stronger dol-

lar had helped it improve, it was still only at 97.13. The Mobil issue was also below par at 97%. By contrast the recent straight ½ per cent Tokyo Electric Power bonds held their 99½ per cent issue price.

The Ecu market started last week on a confident note with an Ecu 125m, 8½ per cent issue for R. J. Reynolds which was well received, but an oversupply of new paper began to weigh on trading as the week wore on and secondary market prices closed with losses of about ½ point. One factor was soundings by Italy for a large issue, which some bankers said could total as much as Ecu 500m.

With the European Investment Bank poised to launch an Ecu issue in Tokyo today such cross-bred bonds continue in vogue. The Asian Development Bank is planning soon to launch a Y25bn Yankee issue in New York. New South Wales has also changed its plans to do a Samurai issue. It will launch a dollar bond in the Tokyo market instead.

German Ford still in red

BY OUR FINANCIAL STAFF

FORD of West Germany, which fell into loss last year, does not expect to climb out of the red until 1987.

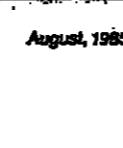
The company, the German offshoot of the U.S. motor group, forecasts continued losses for current year and 1986 but looks to 1987 for a return to profitability.

The German car market offers little encouragement for this year, says Herr Daniel Goedewert, managing board chairman. He ex-

pects domestic car registrations to slip to 2.3m from 2.315m in 1984. Group losses for 1984 totalled DM 296.1m (\$108.7m) in contrast to a profit of DM 151m in 1983. It was the company's first loss since 1980, when a deficit of DM 462.8m was incurred.

Sales last year dropped 4.2 per cent to DM 12.7bn. Ford blamed declining exports, particularly to Britain, and higher domestic marketing costs.

These Securities having been allocated, this announcement appears as a matter of record only.



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July, 1985

INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

Renewed caution pushes bond prices down

AS AUGUST slid sleepily towards oblivion on Friday, the credit markets suddenly sparked into life and began to question the trends of the last four weeks. It was not an overwhelming change of mood—dealers close-down officially at 3 o'clock in the afternoon in advance of the Labour Day weekend—but it was enough to push bond prices down by a point and life yields back up to early August levels.

The degree of the price shift may be put down partly to the thinness of the market before the official end of the summer holiday period today. But there were some faint, more positive signs as well, relating both to the policies of the Federal Reserve Board.

On the economic front, a batch of figures at the end of the week sent economists scrambling to revise their forecasts for third-quarter growth yet again—but this time in an upward direction. During August the Wall Street consensus gradually shifted away from a rate of real expansion around 4 per cent to about 3 per cent or even 2½ per cent. Now growth estimates seem to be moving back up to the 3 to 4 per cent range.

The item of news which appeared to have the most impact on the market—including foreign exchange dealers where the dollar strengthened appreciably on Friday—was a significant narrowing in the trade deficit in July, when the figure of \$10.5bn was the lowest since last January.

If this trend were to continue, it would make a hefty impact on the GNP numbers, and some economists are looking for just that on a longer-term basis.

	U.S. MONEY MARKET RATES (%)					
	Last Friday	1 week ago	4 wks ago	High	Low	12-month
Fed Funds (weekly average)	7.81	7.74	8.01	11.70	7.10	10.60
Three-month Treasury Bills	7.71	7.64	7.90	10.25	6.91	10.75
Three-month prime CDs	7.82	7.78	7.92	10.25	7.21	10.75
30-day Commercial Paper	7.84	7.78	7.92	11.65	7.21	10.75
30-day Commercial Paper	7.85	7.88	7.75	11.25	7.25	10.75
Money Supply: In the week ended August 19 M1 rose by \$2.8bn to \$300.8bn.	7.80	7.85	7.80	11.25	7.25	10.75

	U.S. BOND PRICE AND YIELDS (%)					
	Last Change	1 week	4 weeks	Yield		
Seven-year Treasury	100 1/2	-1/2	-1/2	10.24	10.60	
Three-year Treasury	100 1/2	-1/2	-1/2	10.67	10.61	10.70
20-year Treasury	101 1/2	-1/2	-1/2	10.48	10.45	10.70
New 10-year "A" Financial	101 1/2	-1/2	-1/2	10.45	10.45	10.70
New 10-year "AA" Long Industrial	n/a	1	1	11.83	11.80	11.75
New "AA" Long Industrial	n/a	1	1	11.38	11.25	11.65

Source: Salomon Brothers (estimates).

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They argue that the statistics work to a similar point for the economy, as the decline in the dollar seen since March finally begins to feed through into a tougher climate for importers.

Several of the more bearish analysts are pointing out a couple of fairly cogent reasons for not going overboard about the trade figures, notably that the rapid rise in M1—now standing at around \$1bn over the Fed's 1985 target—would be tolerated, particularly since last month.

In the past month, Wall Street has acted on the belief that the Fed would not move to tighten up the credit reins because of its anxiety over the economy. The feeling was that

the rapid rise in M1—now standing at around \$1bn over the Fed's 1985 target—would be tolerated, particularly since last month.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ISSUE
on a yield basis
of
£100,000,000

9½ PER CENT. LOAN STOCK 2010

Issue Price: 88.466 per cent.

Payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price by 24 January, 1986 with interest payable half-yearly on 24 March and 24 September.

Baring Brothers & Co., Limited

County Bank Limited	Hambros Bank Limited
Hill Samuel & Co. Limited	Kleinwort, Benson Limited
Lazard Brothers & Co., Limited	Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	N. M. Rothschild & Sons Limited
J. Henry Schroder Wagg & Co. Limited	S. G. Warburg & Co. Ltd.

JULY, 1985

This announcement appears as a matter of record only.

Royal Insurance p.l.c.

(Constituted in 1845 and incorporated with limited liability in England under the Companies Acts 1862 to 1900)

£60,000,000

10½ per cent. Notes due 1992

Issue Price: 100 per cent.

Baring Brothers & Co., Limited

BankAmerica Capital Markets Group	Banque Nationale de Paris
Barclays Merchant Bank Limited	County Bank Limited
Deutsche Bank Aktiengesellschaft	Goldman Sachs International Corp.
Hill Samuel & Co. Limited	Kleinwort, Benson Limited
Lloyds Merchant Bank Limited	LTCB International Limited
Morgan Grenfell & Co. Limited	Orion Royal Bank Limited
Swiss Bank Corporation International Limited	S. G. Warburg & Co. Ltd.
Yamaichi International (Europe) Limited	

Akroyd & Smithers PLC
Airo International Limited
Banca Commerciale Italiana
Bank Guizzi, Kirz, Brugner
(Overseas)-Limited
Bank Len International Ltd.
Bank Mecs & Hope N.V.
Bank of Montreal
Banque Bruxelles Lambert S.A.
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Bayerische Landesbank Girozentrale
Cazenove & Co.
Charterhouse Jephcott PLC
CIBC Limited

Daiwa Europe Limited
DG Bank Deutsche Genossenschaftsbank
Generale Bank
Genossenschaftliche Zentralbank AG
Girozentrale und Bank der
Österreichischen Sparkassen
Aktiengesellschaft
W. Greenwell & Co.
Grindlay Branks Limited
Hoare Govett Ltd.
Manufacturers Hanover Limited
Merrill Lynch Capital Markets
E. Mandel soel. Sohn & Co.
Mitsubishi Finance International Limited
Morgan Guaranty Ltd
Niederländische Middenaandbank nv

JULY, 1985

This announcement appears as a matter of record only.

Pirelli UK International Finance B.V.

(Incorporated with limited liability in the Netherlands)

£40,000,000

Guaranteed 7½% Convertible Bonds Due 2000

Issue Price: 100 per cent.

Unconditionally guaranteed by



Pirelli UK plc

(Incorporated with limited liability in England)

and certain guaranteeing subsidiaries
and Convertible into Ordinary Shares of Pirelli S.p.A., or
Bearer Participation Certificates or
Bearer Shares of Société Internationale Pirelli S.A.

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited	S. G. Warburg & Co. Ltd.
Algemene Bank Nederland N.V.	Banque Paribas Capital Markets
Bayerische Vereinsbank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
County Bank Limited	Credito Italiano S.p.A.
Generale Bank	Kleinwort, Benson Limited
Merrill Lynch Capital Markets	Morgan Grenfell & Co. Limited
Morgan Stanley International	Nomura International Limited
J. Henry Schroder Wagg & Co. Limited	Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited	

Amro International Limited	Deutsche Bank Aktiengesellschaft	Morgan Guaranty Ltd
Banca Commerciale Italiana	Dresdner Bank Aktiengesellschaft	The Nikko Securities Co., (Europe) Ltd.
Banca Manzardi & C.	Euromobiliare S.p.A.	R. Nivison & Co.
Banca Nazionale del Lavoro	Robert Fleising Securities Limited	Nuovo Banco Ambrosiano S.p.A.
Bank Mecs & Hope N.V.	Gefira International Limited	Orion Royal Bank Limited
Banque Bruxelles Lambert S.A.	Genossenschaftliche Zentralbank AG	Phillips & Drew
Banque Internationale à Luxembourg S.A.	Preussag	Pierson, Heldring & Pearson N.V.
Banque Nationale de Paris	Goldman Sachs International Corp.	N.M. Rothschild & Sons Limited
Barclays Merchant Bank Limited	W. Greenwell & Co.	Rowe & Pitman
James Capel & Co.	Hambros Bank Limited	Sarasini International Securities Limited
Cazeauve & Co.	Hill Samuel & Co. Limited	Simon & Coates
Commerzbank Aktiengesellschaft	Hoare Govett Ltd.	Strauss Turnbull & Co.
Compagnie de Banques et d'Investissements, CBI	Kreditbank N.V.	Vickers da Costa Ltd.
Credit Commercial de France	Lloyds Merchant Bank Limited	Westdeutsche Landesbank Girozentrale
Crédit Lyonnais	L. Messel & Co.	Yamachi International (Europe) Limited
Daiwa Europe Limited	Mitsubishi Finance International Limited	de Zoete and Bevan

JULY, 1985

This announcement appears as a matter of record only.

crédit foncier de france

(Incorporated in France with limited liability)



PLACING

on a yield basis

of

£100,000,000

10½ PER CENT. GUARANTEED SERIAL LOAN STOCK

2011, 2012, 2013 and 2014

unconditionally guaranteed, as to payment of principal, premium (if any) and interest, by

The Republic of France

Issue Price: 89.596 per cent.

Payable as to £25 per cent. of the nominal amount on acceptance
and as to the balance of the issue price by 10 December, 1985
with interest payable half-yearly on 18 February and 18 August.

Baring Brothers & Co., Limited

Barclays Merchant Bank Limited	County Bank Limited
Hambros Bank Limited	Hill Samuel & Co. Limited
Kleinwort, Benson Limited	Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	S. G. Warburg & Co. Ltd.
Banque Nationale de Paris plc	

JUNE, 1985

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

Low-cost borrowing via a convertible

WHEN IS a bond not a bond? Answer: when it's a convertible. Interest in Eurobonds convertible into shares has been growing as the world's stock markets have boomed. And with the outlook for some bond markets unclear, bond investors are looking for the excitement of an equity play.

Convertibles offer the best of both worlds. Holders can exchange their bonds for shares at a pre-determined price set when the bond is issued usually at a premium to the then share price. As bonds they offer a higher yield than the shares would and their performance can be better than straight bonds if the share price is rising.

But convertibles combine disadvantages too. The yield is lower than on straight bonds so that there is less protection if the shares are falling. Investors would do better buying the shares at the outset if they ex-

pect them to rise.

As a result they often fall between the desks of the fixed interest and equity fund managers. Says a bond manager, "I leave convertibles to our equity guys," while the equity fund managers answers, "Why should we pay a premium to buy the shares?"

A good illustration of the returns convertibles can give is demonstrated by an issue made in 1982 by Comcast, the US cable television company. The shares have moved up fast and by this summer the £450 were well above the £350 conversion price. Investors have been taking an 8 per cent yield meanwhile compared with an under 1 per cent yield on the shares.

The company has now called that issue but has made another; this time with a 7 per cent coupon. The conversion price was set at a 28.2 per cent premium to the prevailing success with a \$50m convertible

share price. Even if the share price keeps rising it will be some time before it is worth converting.

But what happens if the shares run out of steam? Comcasts included a put option for investors so that they can redeem the bonds after five years at a price of £112.25, giving a yield of 9.98 per cent. That provides some protection against a fall in the shares.

Put options like these have proved popular with investors, though not so much with the borrowers. "The chance of the put being exercised is not something you stress to borrowers," says a banker involved in the deal.

A number of recent convertible issues have caught investors' attention and drawn heavy demand. As well as Comcast's deal, an issue for The Limited, the U.S. women's clothing chain, also had a direct success with a \$50m convertible

paying a 6.6 per cent coupon with a put option to give a 9.48 per cent yield after five years.

U.S. companies are by no means alone as convertible bond issuers. Most prolific are Japanese companies which are active in the Swiss franc and Euro dollar bond markets. Often these issues have small coupons of around 5 per cent - meaning that investors can quickly make a profit on the shares if the Tokyo stock market is rising.

The Japanese city banks are now allowed to make convertible bond issues in the Eurobond market and so far three, Mitsubishi Bank, Sumitomo Bank and Fuji Bank have done so. All have met with success. European investors are often keen to buy Japanese convertibles because they can have difficulty in buying Japanese equities direct.

It is believed that many of the issues from Japanese companies are converted within a few months, and borrowers soon return to launch another deal.

The attractions to the borrowers are clear. Funds can be raised at a cost well below coupons on fixed-rate issues and some companies could expect to be able to make a straight Eurobond issue easy. Coupons in the Eurodollar sector of around 7 per cent on convertibles are much cheaper than the 10.1 per cent top fixed-rate funds. In the Swiss franc market convertible bonds now cost 2 per cent while good quality borrowers are paying 5 per cent for fixed-rate issues.

Through the coupons are higher than the dividends they would pay on new shares, through a convertible they can issue shares at a premium rather than a discount.

Maggie Urry

Sentrachem falls into heavy loss

By Tony Hawkins in Johannesburg
SENTRACHEM, the South African chemicals group, ran up a loss of R24.4m (£8.5m) in the year to June, 1985, after ending a profit of R19.1m in 1984.

The dramatic swing in Sentrachem's fortunes is attributable to high interest costs and huge operating losses at its Alfene synthetic rubber plant where losses totalled R14.6m.

The Alfene plant came on stream when world rubber prices were falling and synthetic rubber plants were being closed around the world. Mr David Marlow, its managing director, warned that the plant is unlikely to be profitable for another 10 years. Group foreign exchange losses totalled R25m.

Although turnover rose 12 per cent to R812m, net income before financing costs fell 44 per cent to R44.8m. No dividend has been paid and none will be declared in 1985-86.

The next reporting period will be for nine months to March, 1986. The two key variables that will determine group profitability are the rand exchange rate and domestic interest rates.

Dutch banks and insurers to move closer

By LAURA RAUN IN AMSTERDAM

THE DIVISIONS between bank and insurance in the Netherlands will diminish significantly by 1987 following government initiatives aimed at keeping the Dutch competitive with foreign financial institutions.

Large banks will be allowed to take over small insurers and vice versa, although banks can engage in insurance brokering while insurers can offer long-term deposits in the form of annuities.

The demarcation line, however, always has been a "little

tutes a "small" bank or insurer will be left to the Finance Ministry and the central bank, apparently leaving wide scope for a mingling of banking and insurance.

At the moment, banks can own no more than 15 per cent of an insurance company and vice versa, although banks can engage in insurance brokering while insurers can offer long-term deposits in the form of annuities.

Because of the openness of the Dutch economy, foreign financial institutions have made

sizeable inroads into the domestic market. Foreign banks now claim at least 25 per cent of the market while foreign insurers account for about 40 per cent of all insurance companies.

Still further loosening of Dutch financial regulations also has been hinted at in response to West Germany's liberalisation of capital markets. The Dutch centre-right government has been pushing for faster deregulation of industry in general.

Norwegian shipping line lifts first-half earnings

BY PAT GJESTER IN OSLO

LEIF HEGGH, the Norwegian shipping group, reports higher freight earnings and operating profits for the first half of 1985 and forecasts increased profits for the year as a whole.

It attributes the increase to the phasing-in of new tonnage, coupled with continued rationalisation and an improved performance by its liner services. The high value of the dollar was also a positive factor.

Leif Heggh's fleet at end-June comprised 44 ships totalling about 2.7m tonnes deadweight.

Freight earnings rose to Nkr 1.7bn (320m) from Nkr 1.4bn and operating profits, before depreciation and financial items, were Nkr 400m against Nkr 272m.

For the whole of 1985 operating profits are forecast at Nkr 750m, compared with Nkr 750m in 1984. But fluctuations in the value of the dollar could affect the result, the group stresses.

Although results are not strictly comparable, gross premium income was Nkr 2.72m against Nkr 2.6m in the first half of 1984. Pre-tax profits rose to Nkr 35m from Nkr 30m.

Major reverse for South African insurance group

BY JIM JONES IN JOHANNESBURG

PROTEA ASSURANCE, the South African subsidiary of the Sun Alliance group, increased premium income and profits in the six months to June, largely because of a merger with Phoenix Assurance's South African arm.

Although results are not strictly comparable, gross premium income increased to Nkr 357.7m in the first half of this year from Nkr 345.6m. The interim operating loss increased to Nkr 2.27m from Nkr 1.58m.

Underwriting results were worse than in the previous year since fire premiums were particularly inadequate to meet normal losses.

Guardian National, the 51 per cent owned subsidiary of Guardian Royal Exchange, echoed the view expressed by Protea's board. Guardian's gross short-term premium income increased to Nkr 357.7m in the first half of this year from Nkr 345.6m. The interim operating loss increased to Nkr 2.27m from Nkr 1.58m.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Rockefeller Center (c) (d) 5	335	2000	15 1/4	8	100	Goldman Sachs	
Rockefeller Center (d) 5	730	2000	15 1/4	8	100	Goldman Sachs	
Fuji Bank 5	65	2000	15	(2 1/4)	100	Fox Int'l Fin.	
Fuji Bank 5	24	2000	15	(2 1/4)	100	Fox Int'l Fin. (HK)	
Hipco Capital 5	23	1992	7	(2 1/4)	100	Salomon Brothers	8.805
Sec. Pacific (Australia) 5	100	1992	12	10	100	Oriental Royal Bank	
Japan Nat'l. Bank 5	100	1992	7	10	101 1/4	LTCB Int.	8.845
Fidelity 5	100	1993	8	10 1/4	100	CSFB	10.250
General Elec. Credit 5	200	1993	7	9 1/4	100 1/4	Mitsubishi Fin. Int.	9.823
Teneco Capital 5	250	1993	5	10	101 1/4	Salomon Brothers	9.873
GNAC 5	250	1993	7	9 1/4	100 1/4	SECI	10.051
World Bank 5	100	1997	12	5 1/4	100	CSFB	
CANADIAN DOLLARS							
Scotiabank Acceptance 5	75	1992	7	10 1/4	100	Wood Gundy	10.225
GNAC (Canada) 5	75	1992	7	10 1/4	100	Orion Royal Bank	10.308
Ford Credit Canada 5	75	1992	7	10 1/4	100 1/4	Salomon Brothers	10.788
World Bank 5	25	1992	7	10 1/4	100	Orion Royal Bank	10.750
ASIAN DOLLARS							
Kyoto Corp. 5	30	1998	3	12 3/4	100 1/2	Salomon Brothers	12.540
TransCanada Pipe 5	48	1998	5	13 1/4	100 1/2	Nautilus Int'l	13.367
Papua Capital Pipe 5	50	1990	5	13	100 1/2	Orion Royal Bank	13.223
Total Australia Fin. 5	50	1990	5	13 1/4	100 1/2	J. H. Schroder Wag.	13.517
D-MARKS							
Tages Sohn 5	35	1992	5	3	100	Deutsche Bank	3.000
American Express 5	20	1992	5	5 1/4	100	Deutsche Bank	
World Bank 5	200	1992	7	6 1/4	100 1/4	Deutsche Bank	6.336
SWISS FRANCS							
Mitsubishi Metal 5	150	1990	-	1%	100	SBC	1.375
Mitsubishi Metal 5	160	1993	-	2 1/2%	100	HSBC	5.375
Lehman 5	100	1992	-	3	100	Credit Suisse	3.808
Bank One 5	40	1992	-	(3 1/4)	100	Credit Suisse	
Wells Fargo 5	120	1993	-	(1 1/4)	100	Bank One, Zürich, K.B.	
MetLife 5	100	1992	-	(3 1/4)	100	Credit Suisse	
Bank One 5	50	1990	-	(3 1/4)	100	Credit Suisse	
Tokyo Prud' 5	20	1992	-	(3 1/4)	100	Credit Suisse	
FNM Fin. Services	200	1995	-	(8)	100	Credit Suisse	
Japan Elect. Computer 5	50	1990	-	5 1/4	100	Bank Paribas (Suisse)	5.558
ZERO							
S.J. Haynes 5	125	1991	8	5 1/4	100	Morgan Guaranty	8.825
World Bank 5	125	1993	8	5 1/4	100 1/4	Deutsche Bank	8.750
West German Rail. (HK) 5	50	1991	5 1/2	5 1/2	100	Banque Paribas	8.750
Ind. Bank of Finland 5	60	1995	8	5	100	Kansallis-Osake-Pank.	9.000
FRANC FRANCS							
Moët Corp. 5	500	1990	5	11 1/4	100	Societe Generale	11.125
DANISH KRONE							
L.M. Ericsson 5	300	1990	5	8 1/4	100	Swedbank	9.777
World Bank 5	225	1992	7	10	100 1/4	Swedbank	9.872
NORWEGIAN KRONE							
Den Norske Veritas 5	200	1990	5	10	100	Christiansen Bank	
GULDENS							
World Bank 5	100	1990	5	6 1/2	100 1/4	Robobank Nederland	6.568
LUXEMBOURG FRANCS							
Santéh 5	225	1990	3	6 1/2	100 1/2	BR. Paribas Lux.	9.025
City of Edinburgh 5	300	1990	5	6 1/2	100	BR. Paribas Lux.	9.125
JUSTINIAN SCHILLINGS	</						

BRITISH AEROSPACE

Public Limited Company

"Overall the half-year's results are well up to our expectations..."

"...In the Prospectus issued at the time of the Offer for Sale we expressed some caution for the near term ... Subsequent developments encourage us now to be somewhat more optimistic ... We have every confidence that the Company will go from strength to strength and that it has a sound future."

Sir Austin Pearce, Chairman

- ▲ Pre-tax profits up 21% to £68.3m
- ▲ Sales up 22% to £1,308m
- ▲ Earnings per share up 17% to 29.7p
- ▲ Dividend up 10.5% to 5.8p

Interim results for 6 months to 30th June 1985

	1st half 1985 (£m)	1st half 1984 (£m)	Full year 1984 (£m)
Turnover	1,308	1,076	2,468
Trading Profit	86	82	166
Profit before Taxation	68	56	120
Profit after Taxation	62	51	108
Retained Profit	48	41	81
Earnings per Share (on net basis)	29.7p	25.3p	53.5p

Copies of the full statement will be sent to all shareholders. Further copies are available from: The Secretary, British Aerospace Public Limited Company, 100 Pall Mall, London SW1Y 5HR.



British Aerospace Public Limited Company, 100 Pall Mall, London.



BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.
U.S. \$350,000,000
Guaranteed Floating Rate Notes due 2004

Notice is hereby given that the Rate of Interest for the Interest Period from 4th September 1985 to 4th March 1986 is 8 1/4 per cent per annum and that on 4th March 1986 the amount of interest payable in respect of each U.S. \$5,000 principal amount of the Notes will be U.S.\$208.97.

Barclays Merchant Bank Limited
2nd September 1985 Agent Bank

PORTSMOUTH BUILDING SOCIETY

Notice is hereby given in accordance with the Society's Rules that as from 1st September 1985 the following rates of interest per annum will be paid on the various types of investment account:

Ordinary Share	7.15%	10.21%
7 Day Share	8.70%	12.43%
30 Day Share	9.15%	13.07%
90 Day Share	9.80%	14.00%
3 Year Period Share	10.00%	14.29%
5 Year Capital Builder	10.20%	14.57%
Subscription Share	8.65%	12.36%

The rate of interest on all discontinued issues of Notice and Period Shares will be reduced by 1.25%.

All notes written with Ordinary Shares, Account number 2250,000.00.

Head Office: 176 London Road, South End, Portsmouth PO2 9SL.

Telephone: (0705) 862211

Portsmouth Building Society
Approved for Investment by the
Member of the Building Societies Association and its Investors Protection Scheme.

Tourism helps Church to first half expansion

WITH THIS first half showing further progress turnover is ahead 13.3 per cent and pre-tax profits are up 19.14 per cent—the directors of Church & Co., maker and retailer of footwear, are reporting their fourth consecutive year of growth at the annual meeting that 1985 will be another good year overall.

Turnover in the period came to £25.75m (£22.72m) and the profit to £1.73m (£1.45m). Mr Ian Church, chairman says in the UK, the fashion houses continue to be extremely busy and profitable. Their order position

expected to remain busy for the rest of the year.

Retailing in the UK had a better half year, helped mainly by very buoyant trading conditions in London, stemming from the large influx of tourists.

Overseas, he says sales and profits of the Canadian company improved significantly and retail trade continued to be buoyant.

U.S. results are slightly reduced because of rather difficult trading conditions, but sales in July and August were

still very healthy and they are

expected.

On capital doubled by last

year's scrip issue the directors

are paying an interim dividend

of 2.5p net. This is a 1p advance

on last year but still it is

to reduce disparity.

For the year 1984 the company paid a

total of 7.5p from a pre-tax profit of £4.72m.

After tax £899,000 (£497,000)

and dividends £55,000 (£2,000)

the net attributable profit for the

half year works through at

£1.02m (£944,000) for earnings

per share of 19.14p.

After tax £1.18p (£1.18p) per share.

Yorkgreen hit by bad debts and write-offs

Yorkgreen Investments, which became a subsidiary of Talbot Group at the beginning of July, has gone into a loss of £51,000 for the six months ended April 30 1985, against a profit of £181,000 previously. The interim dividend is being passed, compared with 0.25p.

One loss represents 2.26p (earnings 1.18p) per share. But this year there are extraordinary charges totalling £24,000, which push up the per share profit to 4.19p. The charges are £27,000 written off goodwill and leasehold properties and £17,000 written off oil and gas investments.

The directors say that future overall strategy will be governed by Talbot, the board of which anticipates that Yorkgreen will show improved results following integration.

In the half year Yorkgreen's trading profits were rather less than had been anticipated, and this was aggravated by the need for bad debts of £183,000 and the impact of higher interest rates on existing borrowings.

As a move towards reducing borrowings, the directors are taking steps to dispose of assets which are not essential to trading activities.

However, this has led to the extraordinary charges. In the case of properties the £77,000 is the difference between book and current valuation on four properties, and for the oil and gas investments the provision has been made in an effort to bring book value nearer to market value prior to offering them for sale.

THOMAS ROBINSON, engineer and machine maker, has increased pre-tax profits from £70,000 to £155,000 for the first half of 1985. Turnover was down at £5.01m (£4.82m). For the fourth consecutive year there is an interim dividend, but the directors expect to recommend a final. Second-half results may be affected by the South African situation and the strength of sterling.

Manor National loss worse than expected

Manor National, the vehicle sales and leasing company taken over by C. D. Bramall in May, plunged deeper in the red in 1984 and incurred pre-tax losses of £91.8m compared with losses of £23.9m in 1983. The figure was struck after interest charges up from £57.6m to

£89.5m (£82.4m). Tax took £31.000 compared with £82,000, and there was an extraordinary item of £388,000 against £264,000. The loss per 20p share was 5.5p (1.5p). No dividends have been paid since 1980.

COMPANY NEWS IN BRIEF

ALEXANDER BRUSSELL, building supplies distributor and coal recovered, had a very active start to the year, the chairman said at the annual meeting. Coal construction work was well behind programme, however, due to the bad weather, and first-half results were unlikely to improve on the highest figure of £1.28m achieved in 1983. He added that the second half should be very good, with, for the first time, results surpassing those for the interim period.

PARAMERE, an investment company, reports total income of £130,600 (£294,000) for the first half of 1985, including £56,400 (£21,600) from dealing in works of art. After tax £1.01m (£15,800) net profit came to £49,300 (£56,300), equal to 1.14p (0.82p) per share. Net asset value 51.7p (48.3p).

Shares of several detected foreign-owned overseas investments in main feature has been enhanced level of activity in art dealing subsidiary.

By end of year the company expects to have made necessary adjustments to enable it to qualify for investment trust status for tax purposes, and will have freedom from capital gains tax in 1986.

NORTH MIDLAND Construction: The board has agreed to purchase the one-third minority in

INTEREST in the subsidiary North Midland Construction (Civil Engineering) for £156,000. The acquisition is to facilitate the closer integration of the two businesses on to one site.

HALLITE has sold its subsidiary Poppe Manufacturing to FKI Electricals for a cash consideration of £54,000 in respect of the share capital and £246,000 in respect of repayment of intra group debt. The sale, according to Hallite, will bring its value of £40,000. Hallite will retain Poppe's freehold site at Twickenham, Middlesex, and debtors and creditors, which have a total net book value of £715,000.

MURRAY INTERNATIONAL TRUST is forecasting a final dividend of 4.5p, less than 3p which will make 4.5p net for 1985 (3.8p). Gross revenue half-year ended June 30 1985 was £6.35m (£4.85m), and net revenue £5.05m (£1.84m), giving earnings of 2.57p (1.86p) per share basic and 2.52p (1.83p) ordinary. For full-year earnings are estimated at 4.5p (3.44p) net asset value ordinary and 4.8p (3.44p) ordinary. As part of increased exposure to equity market Murray has purchased 10.17 per cent of Scottish Northern Investment Trust at a cost of £12.8m. SNIT is the subject of a bid from Throgmorton Trust.

BIO-MECHANICS INTERNATIONAL says negotiations are at an advanced stage in the securing of a large contract with a substantial UK company in an important technological sector. Arrangements for the financing of this contract are well advanced, and full details will be sent to shareholders at the end of September.

LADBROKE INDEX
1,000.5-1,000.9 (+2)
Based on FT Index
Tel: 01-427 4411

Margins still rising for Ward Hldgs

The improvement in margins in respect of its house building operations continues. Ward Holdings, which has announced a 5.8 per cent improvement in pre-tax profits from £1.63m to £2.52m in the six months to end April 1985.

During the period turnover for this property developer, with interests also in plant hire and powder coating, rose by £3.7m to £13.62m, a 37 per cent improvement.

The interim dividend is lifted to 1.75p. For the year to October 1984 a total of 6.8p was paid on profits of £4.42m. Net earnings per 10p share are stated lower for this half at 13.2p (13.9), or fully diluted, higher at 13.2p against 9.8p.

The directors say that the satisfactory state of the property market in the South East reflects the continuing improvement in house building margins.

On the manufacturing side of the group's activities, however, the trading of earthmoving plant in an over-supplied market has been curtailed they say by the closure of a production line at Hoddesdon.

The first half tax charge rose from £405,000 to £781,000.

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Over-the-Counter Market

Capitalisation	Company	Change	Gross Yield	Fully
2,000,000	Ass. Brit. Ind. Opt. CULS	+122	8.6	5.0 7.3
4,508	Ass. Brit. Ind. Opt. CULS	-122	10.0	5.0 7.7
3,010	Airspanning Ind. Opt. CULS	+52	8.4	12.3 8.7
7,000	Armitage and Rhodes	-40	4.3	10.8 4.9
48,823	Bardon Hill	-165	4.0	2.6 19.7
3,225	Brayton Engineering	+22	3.5	1.8 2.2
2,538	CCL Ordinary	+52	12.0	7.6 3.8
1,200	CCL 11p Conv. Pl.	104	4.9	4.0 8.6
7,428	Carboneuram 7.5pc Pl.	-124	10.1	10.1 7.0
3,200	Davidson Services	-50	15.0	8.4 7.4
3,500	Dickens	-48	2.2	0.5 14.1 4.4
1,473	Frank Horrell Pr. Opt. 87	-485	1.4	0.2 11.4 15.4
30,785	Frederick Parker	-370	11.9	3.2 8.7
3,497	Globe & Stock	+77	2.2	3.1 5.7
894	Ind. Precision Castings	-22	2.7	12.3 6.6
14,578	Iols Group	+183	1.1	0.8 14.1 21.0
5,516	James Brothers	-104	5.0	5.2 7.0
20,572	Jones Brothers	-226	10.5	10.5 7.4
3,155	James Burrough Spcl.	-91d	12.9	14.2 7.4
8,982	John Howard and Co.	-88	5.0	5.8 6.8
3,324	Lingraphone 10.5pc Pl.	-189	-2	0.2 16.5 7.2
16,285	Minihouse Holding NV	-570	6.9	1.2 24.7
847	Robert Jenkins	-83	+2	-10.8 23.7
1,				

RECENT ISSUES

RECENT ISSUES
EQUITIES

Issue price	Units	Issue date	1985	Stock	Closing price	+ or -	No. exch.	Turnover	Yield	PE Ratio
					High	Low				
500 F.P. —	96	65	58	RATA Selection Sp.	90	-12	100,000	5.8	1.8	12.8
67 F.P. —	22	100	100	Ashley Life Sp.	206	+12	100,000	5.8	1.8	12.8
44 F.P. —	200	121	120	Almond & Alex. C. H.	200	-12	100,000	5.8	1.8	12.8
159 F.P. —	25	145	145	Anglo Am. Dev.	125	+12	100,000	5.8	1.8	12.8
50 F.P. —	14	145	145	Anglo American Imp.	125	-12	100,000	5.8	1.8	12.8
1 F.P. —	100	10	15	Dr. Warrants	25	+1	—	—	—	—
170 F.P. —	100	100	100	Bardsey Pd. Ord.	5	-1	—	—	—	—
176 F.P. —	100	100	100	Bardsey Pd. Sp.	100	-12	100,000	5.8	1.8	12.8
276 900/1000	185	188	188	British Aerospace Imp.	110	+12	100,000	5.8	1.8	12.8
100/120	140	117	117	British Airt.	140	-12	100,000	5.8	1.8	12.8
850 F.P. —	145	140	140	Business Mort. Tot.	142	-12	100,000	5.8	1.8	12.8
11 F.P. —	200	200	200	CECA Galleries Imp.	95	-12	100,000	5.8	1.8	12.8
170 F.P. —	70	70	70	Conrad Hides	125	-12	100,000	5.8	1.8	12.8
151 F.P. —	75	75	75	Control Techniques Sp.	120	-12	100,000	5.8	1.8	12.8
160 F.P. —	85	85	85	Corus Holdings	120	-12	100,000	5.8	1.8	12.8
147 F.P. —	85	85	85	Corus Hotels	120	-12	100,000	5.8	1.8	12.8
120 F.P. —	100	100	100	Corus Ind.	120	-12	100,000	5.8	1.8	12.8
172 F.P. —	77	85	85	Green Property Tr. Sp.	120	-12	100,000	5.8	1.8	12.8
110 F.P. —	125	125	125	Greenwich Resources	120	-12	100,000	5.8	1.8	12.8
148 F.P. —	75	65	65	Hawthorn Pet. Sp.	120	-12	100,000	5.8	1.8	12.8
144 F.P. —	55	40	40	Holiday Design Sp.	105	-12	100,000	5.8	1.8	12.8
120 F.P. —	110	100	100	Micro Scope Imp.	105	-12	100,000	5.8	1.8	12.8
170 F.P. —	120	120	120	Micromedia Advertisers	105	-12	100,000	5.8	1.8	12.8
159 F.P. —	125	125	125	Polyphile 10p.	120	-12	100,000	5.8	1.8	12.8
120 F.P. —	120	120	120	Polyphile Pet. 50p.	120	-12	100,000	5.8	1.8	12.8
147 F.P. —	104	74	74	Priflton 10p.	120	-12	100,000	5.8	1.8	12.8
110 F.P. —	185	117	117	Yellowhammer Sp.	120	-12	100,000	5.8	1.8	12.8

FIXED INTEREST STOCKS

Issue price	Units	Issue date	1985	Stock	Closing price	+ or -	No. exch.	Turnover	Yield	PE Ratio
					High	Low				
87,200 F.P. —	30	100	100	Australia 91% Ln. 2012	300	-	—	—	—	—
105,400/200 F.P. —	250	250	250	Briton Est. 10% 1st Mort. Oct. 2025	250	-	—	—	—	—
77 F.P. —	100	100	100	Burton 9% Cn. Un. Ltd. 2001	101	-	—	—	—	—
125 F.P. —	100	100	100	Camborne 9% Cn. Un. Ltd. 1995/2015	105	-	—	—	—	—
500 F.P. —	130	130	130	Cambridge Water 8% Ln. Ltd. 1995/2015	135	-	—	—	—	—
22,400 F.P. —	241	215	215	Cardiff Est. 10% 1st Mort. 2010/2015	200	-	—	—	—	—
180,000 F.P. —	100	100	100	Cashmore Investments 11% Ln. 2010/2015	100	-	—	—	—	—
11 F.P. —	100	100	100	Castrol 9% Ln. 2002	103	-	—	—	—	—
90,705 F.P. —	100	100	100	McAllan 10% Ln. 2002	103	-	—	—	—	—
100 F.P. —	100	95	95	Do. 11% Ln. 2002	98	-	—	—	—	—
120 F.P. —	112	108	108	Oxford Merc. Borough 12.4% R. 2022	110	-	—	—	—	—
250 F.P. —	220	300	300	Priflton 9% Cn. Un. Pref.	300	-	—	—	—	—

RIGHTS OFFERS

Issue price	Amount up	Latest	Announce-	1985	Stock	Sp.	High	Low	+ or -	PE Ratio
		Renun-	ment							
90 F.P. —	200	200	200	100	Applied Holographics Sp.	100	-	—	—	—
120 F.P. —	200	200	200	100	Applied Holography Sp.	100	-	—	—	—
47 F.P. —	170	120	120	100	Brit. Vending 10p.	100	-	—	—	—
5 F.P. —	120	120	120	100	Brown J.A. B.	100	-	—	—	—
250 F.P. —	130	120	120	100	Brown Est. B. Sp.	120	-	—	—	—
250 F.P. —	120	120	120	100	Brown Est. B. Sp.	120	-	—	—	—
120 F.P. —	100	100	100	100	Forshaw Burtonwood.	100	-	—	—	—
120 F.P. —	120	120	120	100	Greenwich Resources.	100	-	—	—	—
120 F.P. —	100	100	100	100	Heaton Foods 20p.	100	-	—	—	—
210 F.P. —	4/0	70	70	50	Hoffman Foods 20p.	70	-	—	—	—
25 F.P. —	240	35	35	25	Hoffman Foods 20p.	25	-	—	—	—
120 F.P. —	100	145	125	100	Prestwich	140	-	—	—	—
15 F.N.H. —	100	100	100	100	Spindrift Group 1.75p.	200	-	—	—	—
425 F.P. —	200	600	600	445	TACF 10p.	475	-	—	—	—
250 F.P. —	220	300	300	285	Thermal Scientific.	300	-	—	—	—

Renunciation date usually last day for dealing free of stamp duty. * Figures based on prospectus estimates. ^a Assumes dividend and yield. ^b Forcier dividend. ^c Dividend paid in kind. ^d Dividend paid in shares. ^e Dividend paid in shares unless otherwise indicated. ^f Issued by tender. ^g Offered holders of ordinary shares as "rights". ^h Issued by way of capitalisation. ⁱ Reinforced. ^j Last date for which application for rights issue may be made. ^k Date of record for rights issue. ^l Date of payment of rights issue. ^m Date of issue of rights issue. ⁿ Date of issue of rights issue. ^o Date of issue of rights issue. ^p Date of issue of rights issue. ^q Date of issue of rights issue. ^r Date of issue of rights issue. ^s Date of issue of rights issue. ^t Date of issue of rights issue. ^u Date of issue of rights issue. ^v Date of issue of rights issue. ^w Date of issue of rights issue. ^x Date of issue of rights issue. ^y Date of issue of rights issue. ^z Date of issue of rights issue. ^{aa} Date of issue of rights issue. ^{bb} Date of issue of rights issue. ^{cc} Date of issue of rights issue. ^{dd} Date of issue of rights issue. ^{ee} Date of issue of rights issue. ^{ff} Date of issue of rights issue. ^{gg} Date of issue of rights issue. ^{hh} Date of issue of rights issue. ⁱⁱ Date of issue of rights issue. ^{jj} Date of issue of rights issue. ^{kk} Date of issue of rights issue. ^{ll} Date of issue of rights issue. ^{mm} Date of issue of rights issue. ⁿⁿ Date of issue of rights issue. ^{oo} Date of issue of rights issue. ^{pp} Date of issue of rights issue. ^{qq} Date of issue of rights issue. ^{rr} Date of issue of rights issue. ^{ss} Date of issue of rights issue. ^{tt} Date of issue of rights issue. ^{uu} Date of issue of rights issue. ^{vv} Date of issue of rights issue. ^{ww} Date of issue of rights issue. ^{xx} Date of issue of rights issue. ^{yy} Date of issue of rights issue. ^{zz} Date of issue of rights issue. ^{aa} Date of issue of rights issue. ^{bb} Date of issue of rights issue. ^{cc} Date of issue of rights issue. ^{dd} Date of issue of rights issue. ^{ee} Date of issue of rights issue. ^{ff} Date of issue of rights issue. ^{gg} Date of issue of rights issue

INTERNATIONAL APPOINTMENTS

Nisshin chairman quits at Wheeling-Pittsburgh

BY TERRY DODSWORTH IN NEW YORK

THE deep boardroom divisions at Wheeling-Pittsburgh, the strike-hit U.S. steelmaker, have been revealed by the abrupt resignation of Mr Yuzuru Abe, chairman of Nissin Steel of Japan, and one of three outside directors on the board.

Nisshin acquired a 10 per cent stake in the U.S. group last year with the objective of developing a U.S. bridgehead. At that time the companies had big plans to use Japanese technology to revamp Wheeling's operations, initially with a joint \$50m plant to make galvanized steel sheet.

Since then, however, Wheeling-Pittsburgh's worsening financial plight, followed by its recent decision to file for bankruptcy, has led to disagreements between the two companies.

Mr Kichi Mochizuki, president of Nisshin's U.S. subsidiary in New York, says that the situation is "very sensitive," and refuses to comment on what

current management of the steel company and there have been suggestions that he might intervene to try to mount a buy-out.

In the meantime, the steelworkers show no sign of backing down from Wheeling-Pittsburgh's unilateral decision to cut their wages under the protection of the bankruptcy court.

Although an appeal by the United Steelworkers Union against the bankruptcy court's decision to allow the wage reductions was dismissed last week, the steelworkers are planning to appeal again.

They also say they have no intention of going back to work until the company returns to the collective bargaining table.

Meanwhile, the Japanese, untroubled by such gladiatorial labour battles at home, are sitting on a substantial loss on their shares, down from an acquisition price of \$35 a share to around \$8 a share.

Geh takes over at D&C Bank

By Wong Sufong in Kuala Lumpur

MR GEH IK CHEONG, a prominent Malaysian banker and businessman, has taken over as executive chairman of Development and Commercial Bank, replacing 85-year-old Tan H. S. Lee, the bank's founder, and Malaysia's first Finance Minister.

The appointment ends months of lobbying for control of the bank by the Lee family, now headed by Senator Alex Lee, son of Tan H. S. Lee, and Danuk Syed Keechik, the wealthy Malay businessman. The groups own about 33 per cent each in D and C Bank.

Mr Geh's appointment is seen as a compromise. He is a close associate of Tan H. S. Lee, chairman of the giant concern, Pernamodal Nasional, the Malaysian government-owned national investment corporation, which holds a stake of about 12 per cent in the bank.

Before joining D and C, Mr Geh headed several large companies controlled by the Kuk family in Malaysia, including the publicly listed Perlin Plantations. He sits on the board of Pernamodal Nasional.

D and C Bank began operations 10 years ago, and until five years ago, was considered a "Chinatown" bank serving pretty traders and Chinese clients. It is now Malaysia's fifth largest local bank, with shareholders' funds at last December amounting to 162m ringgit (\$US67m), after-tax profits at 32.7m ringgit and with total assets of 415m ringgit.

Meanwhile, Oriental Bank has appointed Mr Zainuddin Haji Din as its new chief executive, replacing Mr Mohamed Ibrahim, Zain, who has resigned.

Mr Zainuddin was formerly chief executive of Pertama Baring Sarwa merchant bank at UVB for personal gain, "but that apparently has not been the case," he continued.

United Virginia, one of the most profitable and highly regarded banks in the state, said that Mr. Ludeman's share investment "violated UVB's standards of conduct prohibiting persons' use of confidential information, conflicts of interest and the appearance of impropriety."

Mr Ludeman said that he had "absolutely no intention of taking advantage of my position

at UVB for personal gain," and did not feel the corporation had been injured as a result of his investments in three bank holding companies at a time when UVB was also investing in share of two of the companies.

Mr Richard G. Tilghman, aged 44, will take over as chief executive on the retirement of Mr Joseph Jennings the current chairman and chief executive. Mr Jennings will now continue as chairman of the board and its executive committee but will not serve as an officer of the corporation.

Mr Ludeman said that he had hoped that his earlier action would put

Head-elect at Utd Virginia

BY WILLIAM HALL IN NEW YORK

MR DOUGLAS LUDEMAN, who was to take over as chief executive of United Virginia Bankshares next month, has resigned after disclosing that he invested in shares of several banks in which his company was buying a stake.

Mr Ludeman, president of Virginia's second biggest banking group, had disclosed his investment in July when he sold his shares back to UVB at cost. In a statement accompanying his resignation he said that he had hoped that his

earlier action would put an end to the affair, "but that apparently has not been the case," he continued.

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Woolard in line for Du Pont succession

BY OUR NEW YORK STAFF

MR EDGAR S. WOOLARD, aged 51, has been appointed a vice chairman of Du Pont, the U.S. chemicals giant, and will be responsible for all the group's operations excluding Conoco, the big U.S. Oil company which was acquired by Du Pont for \$7.5bn in 1981.

Mr Woolard's appointment, which was announced as part of a major management reshuffle last week, appears to put him firmly in line to take over the running of the chemical giant in a few years time. Last week, Du Pont announced that Mr Richard Heckert, aged 61, will succeed the English-born Mr Edward G. Jefferson, when the latter retires as chairman and

chief executive next May 5. Mr Woolard will replace Mr Heckert, who steps in as deputy chairman's seat ahead of next May's transition.

Mr Jefferson said that the new appointments are intended to "pave the way for an orderly management transition at a time of important changes to improve the competitive position of our business."

While Mr Heckert will be running the company for the next four years, analysts say that if Mr Woolard eventually succeeds to the chairmanship, as they expect, he will have longer than most recent Du Pont chairmen to put his im-

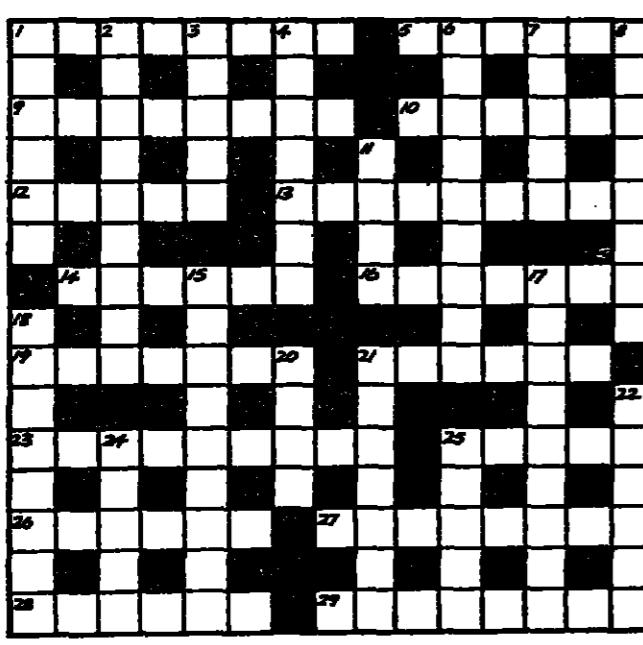
print on the chemicals group. Seagram, the Canadian liquor group has a 22.5 per cent stake in Du Pont—which it acquired at the time of the battle for control of Conoco—and is known to want to increase its stake in the chemicals group. A number of analysts say that Mr Woolard's appointment bears the mark of Seagram's influence on the company, the recent performance of which has not always matched its earlier reputation as one of America's best managed companies.

Mr Woolard is a native of North Carolina and graduated from North Carolina State University with a B.S. degree in industrial engineering in 1956.

He joined Du Pont a year later as an industrial engineer at its Kinston plant in North Carolina and spent much of his subsequent career on the textile fibres side, the biggest single part of Du Pont's traditional business.

In 1965 he was transferred to Du Pont's Wilmington, Delaware headquarters, as staff assistant to the production manager for the textile fibre department, and the following year became product superintendent at the Old Hickory, Tennessee. In 1976, he was made manager of the corporate plans department and in January 1983 was made an executive vice president and director of Du Pont.

F.T. CROSSWORD PUZZLE No. 5,810



ACROSS

- Fast trip crossing town (8)
- Feels one would be mad to be out of them (6)
- Place where back is in a draught (8)
- Reluctant as ever, perhaps (6)
- Three points go to my opponent (5)
- All I see changing can't be changed (9)
- It goes round a piece of preserved ginger (6)
- After work rushed in so as to see the entertainer (7)
- He has a taste for a bit of embroidery (7)
- A steed not very frisky form (6)
- Not home match (9)
- Pushing forwards (5)
- A pig's trotter wrongly recorded? (2,4)
- So long in France (2,6)
- Odd art-form for an old man (6)
- High church man? (8)
- DOWN**
- Marvellous surroundings for quiet meal (6)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

UK APPOINTMENTS

Executive changes at Walter Lawrence

Mr Brian Frith, deputy chairman, has been appointed chairman, and Mr Trevor Mawby, has been made chief executive of WALTER LAWRENCE.

Mr Frith has been a director for 21 years. Mr Mawby, former financial director and laterly deputy managing director, has been with Walter Lawrence since 1976. Mr John Redgrave, chairman and chief executive, has resigned, but will remain on the board until September 30, when he leaves to join the Hunting Group as managing director.

Mr Robert Rankin has been appointed a part-time member of the board of BRITISH SHIPBUILDERS, for two years. Mr John Gardner and Mr Norman Thompson have been re-appointed as part-time members of the board for two years from September 1. Mr Rankin is a deputy managing director of Balfour Beatty; Mr Gardner is chief executive of the Laird Group; and Mr Thompson is a consultant—he was chairman of the Hong Kong Mass Transit Railway Corporation from 1975-1983.

Mr Mark Carlisle, QC, MP, has been appointed a non-executive director of Eridge and Roper Life and Pension Services, part of the ROFINER GROUP.

PINNEY'S HOLDINGS. The Earl of Mansfield and Mr Kenneth G. Sutherland have joined the board as non-executive directors.

Mr Andrew Brett has been named chief executive and deputy chairman of MANUFACTURERS HANOVER EXPORT FINANCE, a wholly-owned subsidiary of Manufacturers Hanover Trust Company. He was previously with Manufacturers Hanover in New York, responsible for the bank's international corporate business with U.S. corporations in the New York tri-state area.

Mr Anteze F. Khayat, executive director of SCANDINAVIAN BANK GROUP and general manager of its Middle East branch in Bahrain since January 1982, has been appointed to London. From September 1 he becomes regional head for Europe, Middle East and Africa. Mr Christopher C. Hart will succeed Mr Khayat as general manager of Bahrain office. Mr Hart has six years with Citibank, and two years with Bank of America, in Bahrain. He joined Scandinavian Bank Group in April as general manager designate—Bahrain office.

Mr Robert Rankin has been appointed a part-time member of the board of BRITISH SHIPBUILDERS, for two years. Mr John Gardner and Mr Norman Thompson have been re-appointed as part-time members of the board for two years from September 1. Mr Rankin is a deputy managing director of Balfour Beatty; Mr Gardner is chief executive of the Laird Group; and Mr Thompson is a consultant—he was chairman of the Hong Kong Mass Transit Railway Corporation from 1975-1983.

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AUTHORISED UNIT TRUSTS & INSURANCES

WORLD STOCK MARKETS

Indices

NEW YORK

DOW JONES

	1985 Since Comp's						
	Aug. 30	Aug. 29	Aug. 28	Aug. 27	Aug. 26	High Low	
Industries	1354.15	1251.88	1328.47	1317.55	1259.54	1184.91	1354.15
Home Bnd	80.22	80.36	80.10	79.99	79.92	80.65	82.27
Transport.	650.66	651.49	657.27	658.59	659.78	702.25	655.05
Utilities	159.67	159.83	160.03	159.62	159.01	158.91	146.54
Trading Vol	6004	61,539	65,660	63,550	82,140	70,890	—
e-Day's High	1342.41	(1340.05)	low	1285.27	(1285.16)	—	—
Industrial div. yield %	4.06	4.68	4.65	4.67	—	—	—

STANDARD AND POORS

S&P 500

	1985 Since Comp's						
	Aug. 30	Aug. 29	Aug. 28	Aug. 27	Aug. 26	High Low	
Industries	209.69	210.01	209.67	208.19	212.63	208.94	215.62
Comp'te.	188.63	188.93	188.81	187.31	185.65	185.66	195.05
Industrial div. yield %	8.72	8.78	8.75	8.91	—	—	—
Long Govt. Bond yield	10.39	10.39	10.65	10.64	—	—	—

NEW YORK ACTIVE STOCKS

	Aug. 29 Aug. 28 Aug. 27					
	Issue Traded	1,000	1,050	1,025	1,050	1,025
Fais	701	659	605	605	605	605
New Highs	47	40	40	40	40	40
New Lows	9	10	15	15	15	15

TORONTO

Aug. 30

	1985					
	Aug. 30	Aug. 29	Aug. 28	Aug. 27	High	Low
Metals & Minerals	209.00	208.41	207.71	210.07	116.00	188.93
Composite	2012.8	2009.7	2008.7	2012.9	1881.9	1881.9
Montreal Portfolio	188.57	184.27	189.55	184.27	184.27	184.27

MONTRÉAL Portfolio

Aug. 30

	1985					
	Aug. 30	Aug. 29	Aug. 28	Aug. 27	High	Low
Metals & Minerals	188.57	184.27	189.55	184.27	184.27	184.27
Composite	188.57	184.27	189.55	184.27	184.27	184.27
Montreal Portfolio	188.57	184.27	189.55	184.27	184.27	184.27

NEW YORK COMMODITIES

Aug. 30

	Aug. 30 Aug. 29 Aug. 28							
	Change	Open	Closing	Change	Open	Closing		
Union Elec.	-2,348,300	19%	—	4	Tucson Elec.	1,381,000	40%	+ 4
Ohio Elec.	2,145,100	10%	—	4	Wang Elec.	1,000,000	40%	+ 4
Met. & San. Util.	1,000,000	15%	—	4	St. Louis Elec.	1,211,300	38%	+ 4
Kan. Gas El.	1,455,700	15%	—	4	U.S. Elec.	1,158,900	57%	+ 4
Phillips Pet.	1,231,000	12%	—	4	Union Carb.	1,158,900	57%	+ 4
Petrol.	12,11	11	11	—	Santander	1,051,000	52%	+ 4
Playing Cards	952	225	225	+ 4	Santander	1,051,000	52%	+ 4
Power	1,000	25	25	+ 4	Santander	1,051,000	52%	+ 4
Powr. Corp.	17	17	17	—	Santander	1,051,000	52%	+ 4
Prudential	182	27	114	+ 11	Santander	1,051,000	52%	+ 4
Pruv. Ind.	302	27	27	+ 4	Santander	1,051,000	52%	+ 4
Prud. Corp.	40	11	11	—	Santander	1,051,000	52%	+ 4
Pruv. Co.	585	675	585	+ 57	Santander	1,051,000	52%	+ 4
Prud. Corp.	18	27	27	+ 4	Santander	1,051,000	52%	+ 4
Prud. Corp.	25	25	25	+ 4	Santander	1,051,000	52%	+ 4
Prud. Corp.	30	27	27	+ 4	Santander	1,051,000	52%	+ 4
Prud. Corp.	38	12	11	+ 10	Santander	1,051,000	52%	+ 4
Prud. Corp.	57	23	23	+ 4	Santander	1,051,000	52%	+ 4
Prud. Corp.	75	27	27	+ 4	Santander	1,051,000	52%	+ 4
RAX	15	74	65	+ 9	Santander	1,051,000	52%	+ 4
RHMs	56	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rodent	24	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	28	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	34	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	50	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	64	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	84	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	100	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	120	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	138	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	156	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	174	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	192	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	210	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	228	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	246	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	264	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	282	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	300	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	318	24	24	+ 4	Santander	1,051,000	52%	+ 4
Rogers	336	24	24	+ 4	Santander			

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

ES WE REGRET that closing share prices from North America - with the exception of Montreal - were not available.

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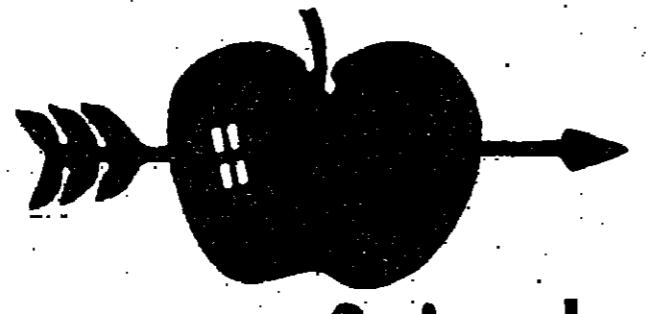
NYSE COMPOSITE PRICES

Continued from Page 30

12 Month	High	Low	Stock	Div.	Yld.	P/ E	Sls	100s	High	Low	Close	Prev.	Chg	12 Month	High	Low	Stock	Div.	Yld.	P/ E	Sls	100s	High	Low	Close	Prev.	Chg
Continued from Page 30																											
21	104	Poole's	40	.3	26	265	154	111	114	-7	154	+1	33	221	Scoaled76a	2.4	14	203	321	321	321	321	321	321	321	321	321
21	151	PooleT	30	4.2	95	19	181	19	181	19	181	+1	612	435	ScotEx50a	1.6	10	165	56	556	556	556	556	556	556	556	556
22	144	Porter	40	2.4	28	102	173	165	165	165	165	+1	474	285	ScottP	1.24	3.1	110	134	401	387	401	387	401	387	401	387
21	145	PortGE1.80	9.8	8	8	182	197	191	191	191	191	+1	154	123	ScotS	.52	3.7	11	203	135	135	135	135	135	135	135	
24	151	PortG	p2.60	60	11	13	207	205	205	205	205	+1	13	10	ScotC	.42	3	9	92	327	327	327	327	327	327	327	
25	30	PortG	p4.40	60	13	18	347	347	347	347	347	+1	165	123	ScotP	p2.10	13	7	7	155	155	155	155	155	155	155	
24	28	PortG	p4.82	12	13	15	348	348	348	348	348	+1	167	123	SealEnd	.48	2.3	8	192	21	204	204	204	204	204		
23	26	Portlich	1.56	4.6	14	15	348	348	348	348	348	+1	512	51	SealCo					47	47	47	47	47	47	47	
24	21	PortME1.16	8.9	9	334	314	311	311	311	311	+1	225	354	Seagm	.80	2.0	11	750	40	380	380	380	380	380			
41	32	PortE	p4.04	20	23	240	400	407	407	407	407	+1	217	145	Seagut					11	15	15	15	15	15	15	
25	25	Primm	.36	1.5	18	24	245	245	245	245	245	+1	317	224	SealAr	.44	1.4	17	x134	303	303	303	303	303	303	303	
20	26	PrintM	2.20	5.7	8	44	389	389	389	389	389	+1	325	223	SealPw	1	3.9	8	398	256	256	256	256	256	256	256	
20	143	PrimeC		1	14	612	16	173	18	18	+1	551	51	SearieG	1	1.5	16	57	65	65	65	65	65	65			
363	504	PrimM.s.09	2.2	32	227	268	354	354	354	354	+1	314	231	Sears	1.76	5.2	9	327	44	34	34	34	34	34			
597	504	PrintG	2.60	4.5	15	1361	574	574	574	574	+1	314	231	SeafPacs	1.34	4.8	7	397	28	275	275	275	275	275			
15	351	Protek	s	1.40	3.4	13	57	414	414	414	414	+1	401	263	SeafG					1	15	15	15	15	15	15	
23	10	ProteIC	n		8	81	9	281	224	215	222	+1	165	113	Seafar	.72	4.8	23	73	15	15	15	15	15	15	15	
24	173	PSCoCol	p2.12	10	5	3	204	204	204	204	204	+1	304	224	Shawin	.60	2.5	8	52	237	237	237	237	237	237	237	
101	578	PSLInd		1	11	10	248	8	8	8	8	+1	304	224	Sheff	2.37	5.8	8	802	405	405	405	405	405	405	405	
26	20	PSLIn	p3.50	14	14	250	250	250	250	250	250	+1	41	266	ShefKlo	.80	3.1	6	35	267	267	267	267	267	267	267	
9	64	PSLIn	p1.04	14	14	2500	8	8	8	8	8	+1	41	266	Shewin	.82	2.6	12	178	375	375	375	375	375	375	375	
597	64	PSLIn	p1.06	13	13	2500	52	52	52	52	52	+1	41	266	Showav		9	208	74	74	74	74	74	74	74		
53	454	PSLIn	p6.52	14	14	2540	59	59	59	59	59	+1	41	266	Showt	.60	4.8	12	51	125	125	125	125	125	125	125	
53	454	PSLIn	p8.32	14	14	2120	38	38	38	38	38	+1	41	266	Shoxt	.60	3.3	19	80	124	124	124	124	124	124	124	
24	372	PSNWH		3	425	61	58	58	58	58	58	+1	165	123	ShortP	.60	4.9	6	317	355	355	355	355	355	355	355	
161	712	PSNWH	p1.07	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
171	712	PSNWH	p1.12	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
22	95	PSNWH	p1.17	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
221	95	PSNWH	p1.22	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
193	85	PSNWH	p1.27	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
209	205	PSNWH	p1.32	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
221	23	PSNWH	p1.37	11	11	2200	159	159	159	159	159	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
15	101	PSSEG	2.14	9.2	5	5116	31	304	304	304	304	+1	165	123	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
39	29	PSSEG	p1.18	11	11	1068	270	271	271	271	271	+1	304	224	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
48	26	PSSEG	p1.41	11	11	250	38	38	38	38	38	+1	304	224	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
204	16	PSSEG	p1.55	11	11	250	45	45	45	45	45	+1	401	318	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
231	73	PSSEG	p2.17	11	11	250	20	20	20	20	20	+1	251	182	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
73	73	PSSEG	p2.43	11	11	250	22	22	22	22	22	+1	401	318	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
68	68	PSSEG	p7.40	11	11	250	60	60	60	60	60	+1	251	182	ShortPd	.50	4.1	12	120	151	151	151	151	151	151	151	
46	46	Public		1	2	1410	693	693	693	693	693	+1	271	145	Specd					4	4	4	4	4	4	4	
154	94	Pueblo	.18	1.1	12	3	140	140	140	140	140	+1	271	145	Sperry	1.92	3.8	9	1017	515	509	509	509	509	509		
93	94	PRC	Cm	1.04	5	15	8	7	7	7	7	+1	165	123	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
406	34	RCA		1.04	2.2	12	2178	469	469	469	469	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
112	703	RCA	p1	3.50	8	2	1054	2	1054	2	1054	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
93	56	RCA	RPC		4	3.8	20	20	20	20	20	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
53	56	RCA	RTF		5.6	5.1	18	11	220	142	142	+1	271	145	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
46	24	Refelut	p1	2.3	14	1100	432	425	425	425	425	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
21	16	Refelut	2.30	2.1	13	20	36	36	36	36	36	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
3	14	Refelut	4.40	2.1	13	20	36	36	36	36	36	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
472	174	Refelut	1.84	4.1	14	2086	447	447	447	447	447	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
241	174	Refelut	7.70	2.8	16	57	45	45	45	45	45	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
328	22	Refelut	4.40	3.0	10	245	141	141	141	141	141	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
50	485	Refelut	p1.60	8.4	7	44	49	49	49	49	49	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
414	61	Refelut	1	2.1	9	28	39	36	36	36	36	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
281	25	Refelut	p4.50	3.5	12	310	305	305	305	305	305	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
332	22	Refelut	4.48	4.0	5	54	224	224	224	224	224	+1	304	224	Springd	1.92	4.5	13	9	337	337	337	337	337	337	337	
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Stock figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on

a—dividend also extra(s), b—annual rate of dividend plus stock dividend, c—liquidating dividend, d—declared d—new yearly low, e—dividend declared or paid in preceding 12 months, g—dividend in Canadian funds, subject to 15% non-residence tax, i—dividend declared after split-up or stock dividend, l—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting, k—dividend declared or paid this year, an accumulated issue with dividends in arrears, n—new issue in the past 52 weeks, r—redemption day delivery, the high-low range begins with the start of trading, rd—next day delivery, P/E—price-earnings ratio, r—dividend declared or paid in preceding 12 months, plus stock dividend, s—stock split, Dividends begin with date of split, sl—sales, h—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date, u—new yearly high, v—trading halted, w—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies, wd—distributed, wl—when issued, ww—with warrants, x—ex-dividend or ex-rights, xds—ex-distribution, xx—without warrants, y—ex-dividend and sales in full, z—paid in full.	181	14%	Toled pf.21.21	13.	7	17%	17%	17%
	30	85%	Tonka s .10	4 .8	146	271	269	262
	533	26	Toonkif48D	1.0 1.2	18	49	48	49
	527	26%	Trichem	1.2	47	455	445	451
	177	10	ToroCo .40	2.4 11	67	167	161	152
	5	1	Tosco		363	376	334	375
	177	814	Towle		7	97	92	92
	414	234	ToYRUs		26	1773	355	344
	2614	177%	Tristar s .32	1.5 13	428	211	21	21
	23	87%	TWA		3225	226	22	22
	16	12%	TWA pl 2.25	15.	55	156	147	151
	341	18%	TWA pf.B2.25	6.8	223	333	33	331
	329	24%	Transair	64	5.7	13	265	264
	14	11	TARBY	1	8.1	82	5	125
	211	18%	TcmCom1.12	6.0 8	2	165	185	185
	571	44	Transcom1.60	4.5 10	342	482	474	485
	253	19%	TransEx2.36	11.	204	21	203	204
	131	75	Transco		6	16	77	77
	255	22%	TrGP pf.2.50	8.9	2	255	255	255
	138	65	TransOh		10	88	9	9
	467	20%	TransWyo1.80	9.9 13	331	46	457	457
	411	26	Trivid	.48	1.2 13	224	394	387
	203	72	Twid	etA		5	211	211
	347	2614	Twid	pl	2	6.3	11	314
					7	127	121	121



**FOR DETAILS ON HOW TO GET YOUR FINANCIAL TIMES
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ON TEL. GENEVA 311604**

AMEX COMPOSITE PRICES

Prices at 3pm, August 30

Team	Div	P/ Ss				P/ Ss				P/ Ss				P/ Ss				P/ Ss									
		E	100s	High	Low	Cross	Chgs	E	100s	High	Low	Cross	Chgs	E	100s	High	Low	Cross	Chgs	E	100s	High	Low	Cross	Chgs		
acePr	5	23	27	23	23			DataPd	.16	51	127	121	127	+ 16	Intrik	16	14	14	14	+ 36	Ragen	.12	46	46	16	16	16
dFusI	.14	18	40	202	262	262	- 14	Defimed		18	26	26	26	- 14	InShrt	37	37	37	37	- 16	Ransbg	.72	44	44	14	17	17
dlobe	28	13	173	173	173	+ 16	DevCp	88	30	134	134	134	+ 16	InPar	38	1	56	56	+ 56	Reel	A	30	20	41	40	40	
ertron	71	11	5	47	5	5		DifDr	.20	16	73	65	63	+ 21	InDra	7	7	71-16	71-16		ReatAc	15	26	73	73	73	
NPBd	.60	21	17	47	47	+ 34	Diodes	8	2	31	31	31	+ 16	J						PickW	.56	38	38	36	36	36	
nCal	4	29	101	101	101	- 16	DomeP		825	2-3	16	216	- 16	K						RchW	.3	106	106	106	106	106	
CaGlp1	20	12	21	124	124	- 16	Driller		5	11	11	11		Jacoby	5	52	52	52	- 16	Regons	.12	12	20	21	204	204	
medahl	20	18	26	149	149	- 16	Ducem	.80	18	34	285	285	+ 73	Jetson	711	14	10	31	+ 37	RBW	.12	12	73	73	73	73	
Mzea	.52	47	52	162	162	- 16	Dunlop		159	13-18	13-16	13-16		JohnPd	4	3	84	84	- 16	Ryoff	.50	14	63	23	247	247	
Moob	.53	43	21	144	144	+ 14	Dynict	.27e	8	34	126	121	+ 16	Jonnind						S							
MSId		173	28	41	41	- 16	E							K						K							
Pe	2	23	24	36	55	+ 5	EAC	.40	38	22	81	76	- 16	Kirby	145	27	27	27	+ 16	SJWs	11	16	36	36	36	36	
Proc	24b	18	15	145	145	- 16	CapCI		17	15	3	3		L						Sage	.35	29	7	7	7	7	
SeZt	31	14	5	5	5		CapCo	1	9	2	197	197	+ 16	LaBerg	9	21	21	21	- 16	Scheib	.56	13	8	26	26	26	
mpal	.06	9	14	21	21	- 16	CapG	6	956	6	1	341	+ 4	LensurT	7	24	52	52	- 16	SbdCp	.30	6	25	61	61	61	
ndicb	3	21	21	21	21		CapG		915	149	143	141		Lumex	68	34	164	168	- 16	SecCap	.16	8	151	127	127	127	
rogrP	6	4	3	3	4	+ 16	CapG		77	51	51	51	- 16	LynchC	20	20	10	35	+ 56	Scaron	488	18	48	9	83	83	
rmfm	4	47	47	47	47	- 16	CapG		5	20	193	193		M						Sitewo	06	1	6	6	6	6	
zrmt	.15	567	99	93	94	- 16	CapG		CapG		CapG			MCO	Hd	8	179	135	+ 36	StDrd	.18	6	11	23	228	228	
reDCM	241	11	11	11	11		CapG		CapG		CapG			MCO	Rs	1	13	13	+ 3	T							
nserv	3	3	3	3	3	+ 16	CapG		CapG		CapG			MCO	Or	9	9	9	+ 9	TIE	.330	6	57	57	57	57	
B	B						CapG		CapG		CapG			MCO	Dr	9	9	9	+ 9	TII	.32	15	8	8	8	8	
ergBr	.32	15	131	311	307	- 31	CapG		CapG		CapG			Macrod		21	28	28	- 28	TandB	5	7	7	7	7	7	
ccP	.72	9	17	311	311	- 16	CapG		CapG		CapG			Macrod		23	62	62	+ 1	TenAm	118	31	24	24	24	24	
lgV	.48	18	26	15	15	+ 16	CapG		CapG		CapG			MathPh	.12	10	25	115	+ 111	TenPh	.15	12	12	12	12	12	
lountA	45	9	78	169	169	- 16	CapG		CapG		CapG			MathPh	.20	66	172	172	- 172	TechSv	15	12	12	12	12	12	
lountB	.40	8	20	169	169	- 16	CapG		CapG		CapG			Media	1	15	15	781	+ 777	TechTp	11	8	4	4	4	4	
owVal	.20	64	64	127	127	- 16	CapG		CapG		CapG			McGin	Gn	61	51	51	- 51	Telsat	13	10	6	6	6	6	
ownr	.44	17	63	173	173	- 16	CapG		CapG		CapG			McGinW	24	31	7	81	+ 81	Telsat	362	4	42	42	42	42	
rgzng	.59	237	237	237	237		CapG		CapG		CapG			McHne	24	23	274	125	+ 125	TesAir	3	443	171	171	171	171	
C	C						CapG		CapG		CapG			MicrD	24	3	74	74	- 74	TesCan	27	3	3	3	3	3	
Ols	7	2	195	195	195		CapG		CapG		CapG			Moviel		3	74	74	- 74	TesTng	24	40	148	147	147	147	
M	Cp	20	21	104	105	- 104	CapG		CapG		CapG			N	N					Tublax	32	32	32	32	32	32	
amco	.44	10	12	104	104	- 104	CapG		CapG		CapG			NfPard	10	336	174	174	- 174	U							
March	30	34	165	157	158	+ 16	CapG		CapG		CapG			NhAr	75k	16	43	201	+ 201	Ultim	11	70	137	137	137	137	
mpmP	16	240	21	21	21	- 16	CapG		CapG		CapG			NhAr	1.20e	11	19	205	+ 205	Ultim	11	58	74	74	74	74	
hmMs	.16	18	26	24	231	+ 231	CapG		CapG		CapG			NtTimes	60	16	249	444	+ 444	Ultim	11	20	58	58	58	58	
lyGas	1.20	8	26	32	313	+ 32	CapG		CapG		CapG			Noles	17	4	24	24	- 24	Ultim	11	70	137	137	137	137	
mpo		89	13	13	124	- 124	CapG		CapG		CapG			NCdG	gs	49	11	105	+ 105	Ultim	11	70	137	137	137	137	
mpcN	38	74	74	74	74		CapG		CapG		CapG			NuciD		8	21	65	+ 65	Ultim	11	70	137	137	137	137	
schm	.40	12	1	164	164	- 164	CapG		CapG		CapG			Numer		2	85	93	+ 93	Ultim	11	70	137	137	137	137	
oncfd	14	4	73	73	73	- 73	CapG		CapG		CapG			O						V							
onsOG	35	59	59	59	59		CapG		CapG		CapG			OEA	12	20	20	20	- 20	WTC	13	37	54	54	54	54	
CostA	4	86	124	125	125	- 125	CapG		CapG		CapG			Oakred	.08b	12	445	184	+ 184	WangB	.16	158	142	124	124	124	
contid	7	14	18	18	18	- 18	CapG		CapG		CapG			ODeWp		4	45	35	+ 35	WangC	.11	170	8	17	17	17	
ross	1.44	16	9	34	337	- 34	CapG		CapG		CapG			OzaiH	20	12	1661	125	+ 125	Webrd	96	15	31	31	31	31	
trnR	1.1102	15	15	47	18	- 18	CapG		CapG		CapG			PetMcp	.48	21	68	385	+ 385	WDigil	.20	13	53	104	104	104	
rydrS	161	161	161	161	161		CapG		CapG		CapG			PerMc	.25	41	4	9	+ 9	Wichita	16	1826	125	125	125	125	
urctce	.38	11	18	225	22	- 22	CapG		CapG		CapG			PerrMc	.80	30	25	273	+ 273	Wicks	5	1125	41	41	41	41	
urctce	.92	10	57	287	287	+ 287	CapG		CapG		CapG			PiopnSy		1414	2	4	+ 4	Wicks	73	23	35	35	35	35	
WG	.13	8	79	2	17	- 17	CapG		CapG		CapG			PopeEv	6	201	34	34	+ 34	Zimmer	.09	3	41	41	41	41	
amson	6	418	418	418	418	- 418	CapG		CapG		CapG			X						Z							

OVER-THE-COUNTER

Digitized by srujanika@gmail.com

	Sales [Units]	High	Low	Last	Chg%	Stock	Sales [Units]	High	Low	Last	Chg%	Stock	Sales [Units]	High	Low	Last	Chg%	Stock	Sales [Units]	High	Low	Last	Chg%
DC TI	120	184	19	191	-1	Cisco	70	64	64	64	0	FATeBa	1.12	20	201	294	294	LeeUta	138	65	61	61	0
EL	1	151	15	152	+1	CiscoGa	.76	103	219	204	-20%	FATATe	1.65	205	205	205	0	LenvaP	46	73	73	73	-1
FG	129	192	184	193	+1	CiscoId	.76	103	329	32	-32%	FCoF	3	173	173	174	-1%	LeviCon	375	33	34	34	-1
SK	124	134	13	13	-1	CiscoA	1	33	359	32	-39%	FCoM	1.20	21	27	27	-1%	Lomista	63	21	21	21	-1
cafig	.20	575	46	32	-1	CiscoB	1.96	5	343	32	-34%	FCoM	1.129	41	73	73	0	Lobri	.07	57	211	211	+1%
caRay	24	94	26	26	-1	CityFed	.40	524	12%	12%	-1%	FDaRaU	3.10	355	354	354	-1%	Lims	24	5	46	46	-1
daclb	22	22	21	21	-1	CoyNcp	.86	242	315	31	-31%	FEexC	424	139	139	139	-1%	LiCom	30	32	54	54	-1
dage	18	71	7	7	-1	ClarkJ	.88	15	25	24	-1%	FFCoCal	2	262	262	262	-1%	LiCity	30	32	32	32	+1%
dvDr	147	104	10	10	-1	Cliftin	2	11	191	184	-1%	FFPBM	.40b	383	24	24	-1%	LinBrd	.16	7	51	51	-1
equum	22	44	4	4	-1	CoastE	.37	31	184	18	-1%	FFPiCo	.80	6	189	189	-1%	LinClas	.35	781	441	441	-1%
llBsn	.80	55	161	161	-1	ColverB	.28	191	186	191	-1%	FFPiDa	.44	369	28	28	-1%	LongF	1.28	37	234	234	-1
psyFa	7	22	21	22	-1	CocaBd	.58a	107	481	472	-48%	FFPiEkt	1.80	70	52	52	-1%	Lotus	3375	208	197	201	-1%
ldWac	10e	116	152	152	-1	Coeur	1971	3	5-16	2	-15%	FFPiG	1.08	54	304	30	-1%	Lymphos	.864	217	211	211	+1%
lebEx	1.40	38	384	374	-1	Coogenic	27	184	181	181	-1%	FFPiH	.44	369	28	28	-1%	M	M	M	M	M	-1
lgorex	185	54	5	54	+1	ColmR	10	31	24	31	-1%	FFPiJ	1.80	80	54	52	-1%	MBI	43	11%	11%	11%	-1
legWt	70e	3	21	20	-1	Collagen	11	12%	12%	12%	-1%	FFPiK	1.40	11	351	345	-1%	MCi	7972	8	82	82	-1
leRo	40	187	186	176	-1	ColMaC	1	125	33	32	-32%	FFPiL	.028	1104	239	238	-1%	MIW	58	7%	7%	7%	+1%
inst	84	157	22	214	-1	ColMaL	1	248	161	158	-15%	FFPiM	1.08	54	304	30	-1%	MPSts	24	15	18	18	-1
ilPlM	14	54	52	52	-1	ColorN	.74	331	184	18	-1%	FFPiN	.80	13	27	27	-1%	MTV	.57	31	304	304	-1
los	214	104	103	103	-1	Combers	.12	2810	194	191	-1%	FFPiP	.40b	383	24	24	-1%	MackTr	1.37	11%	11%	11%	-1
most	.40	12	15	15	-1	Comdia	.16	58	11	11	-1%	FFPiQ	.50	77	401	394	-1%	MacGE	2.28	37	26	26	+1%
WAkr	206	118	108	118	+1	Comdia	2.10	143	407	407	-1%	FFPiR	.28	237	178	184	-1%	MacRI	.85	81	65	65	-1
mAdv	41	10	10	10	+1	Coment	1.04	65	426	424	-2%	FFPiS	.98	58	4%	4%	-1%	MacSt	.01a	13	134	124	-1
Bkr	50	183	145	134	-1	ComenU	.50a	5	104	104	-1%	FFPiT	1.60	44	41	41	-1%	ManInw	.80	77	211	204	-1
mcCarr	150	115	112	115	-1	ComisR	1.60	1	29	29	-1%	FFPiU	1.12	178	39	38	-1%	ManStn	.24e	38	651	651	-1
mfRst	5	2	8	8	-1	Comit	.23	23	15	15	-1%	FFPiV	.48	21	4	3%	-1%	Maxwell	.9	121	121	121	-1
Flatts	.80	58	278	274	-1	ComitB	.58	1498	277	275	-1%	FFPiW	.98	145	324	324	-1%	MayPi	.53	42	45	45	-1
Greet	.58	928	314	304	-1	ComisS	19	22	152	152	-1%	FFPiX	.535	2	15	15	-1%	McCRM	.88	72	34	34	-1
minifl	40	213	132	131	-1	ComisCs	1.04	279	184	184	-1%	FFPiY	.065	490	80	80	-1%	McPart	1	58	314	311	-1
Magn	31	75	72	75	-1	Compeq	.22	1124	112	112	-1%	FFPiZ	.48	9	4%	4%	-1%	MedCra	.05	16	104	104	-1
MsBs	1.08	1980	356	352	-1	Compus	.80	805	195	195	-1%	FFPiA	.48	451	28	28	-1%	Mentor	302	64	64	64	-1
PhyG	.31	37	32	32	-1	CCTC	.60	77	25	25	-1%	FFPiB	.48	176	174	174	-1%	MerGrG	240	15%	15%	15%	-1
Quesh	313	11-16	11-16	11-16	-1	ComPrAs	.15	264	26	26	-1%	FFPiC	.07	176	172	172	-1%	MerScB	1.147	154	154	154	-1
SecOp	1.02	138	304	307	-1	ComPrD	.58	13	102	101	-1%	FFPiD	.98	145	324	324	-1%	MerScC	.88	354	334	334	-1
Solar	3	13	13	13	-1	ComPrE	.21	20	75	75	-1%	FFPiE	.535	2	15	15	-1%	MerScD	.88	72	34	34	-1
Surg	318	21	21-16	21-16	-1	ComPrL	.12	56	8	8	-1%	FFPiF	.065	490	80	80	-1%	MerScE	.05	16	104	104	-1
metrs	1.80	386	35	34	-1	ComPrM	.80	285	195	195	-1%	FFPiG	.48	451	28	28	-1%	MerScF	.10	154	154	154	-1
ogen	250	75	72	75	-1	ComPrS	.22	805	195	195	-1%	FFPiH	.48	451	28	28	-1%	MerScG	.192	154	154	154	-1
metSb	1	141	278	278	-1	ComPrT	.40	443	74	74	-1%	FFPiI	.71	235	2	2	-1%	MerScH	.188	28	824	824	-1
logic	.98	18	38	37	-1	ComPrU	.60	321	184	174	-1%	FFPiJ	.08	35	55	55	-1%	MerScI	.88	35	35	35	-1
aren	443	142	142	142	-1	Concept	.40	193	57	57	-1%	FFPiK	.24	1209	195	195	-1%	MerScJ	.180	83	36	354	-1
andrew	211	173	174	173	-1	CoCapC	.15	173	7	7	-1%	FFPiL	.56	134	134	134	-1%	MerScK	.76	14	206	206	-1
poges	.14	82	103	104	-1	CoCapR	.248	157	161	154	-1%	FFPiM	.69	189	189	189	-1%	MerScL	.178	157	157	157	-1
poloC	1090	172	17	17	-1	CoCapS	.188a	99	185	16	-1%	FFPiN	.76	54	17	154	-1%	MerScM	.06	21	95	95	-1
ppleC	1540	14	14	15	-1	CoCapS	.218	438	140	14	-1%	FFPiO	.44	35	154	154	-1%	MerScN	.06	21	75	75	-1
pbSlos	24	24	24	24	-1	ConfBrd	.08	31	34	31	-1%	FFPiP	.76	103	71	71	-1%	MerScO	.327	75	75	75	-1
pldmt	38	14	14	14	-1	ConfCrd	.148	41	394	41	+1%	FFPiQ	.120	140	3-18	3-18	-1%	MerScP	.57	4	3	4	-1
archive	45	22	22	22	-1	ConfD	.12	12	5	5	-1%	FFPiR	.20	254	211	211	-1%	MerScR	1.12	66	304	303	-1
stracy	.12	677	155	151	-1	ConfG	.822	141	144	144	-1%	FFPiS	.065	490	80	80	-1%	MerScS	.631	631	631	631	-1
cor	44	218	21	212	-1	ConfS	.40	1795	22	215	-1%	FFPiT	.065	35	184	184	-1%	MerScT	.88	18	375	375	-1
AM	40	18	252	254	-1	Copytal	.616	368	35	35	-1%	FFPiU	.7	35	3	3	-1%	MerScU	.1147	154	154	154	-1
AmBc	.90	86	367	367	-1	Corcom	.20	71	71	71	-1%	FFPiV	.66	33	3	3	-1%	MerScV	.147	154	154	154	-1
inFd	17	117	116	115	-1	Corda	.15	6	6	6	-1%	FFPiW	.10	85	165	165	-1%	MerScW	.192	28	824	824	-1
effess	44	261	28	28	-1	CorfSt	.248x158	575	574	574	-1%	FFPiX	.158	188	307	305	-1%	MerScX	.01a	64	124	124	-1
SeAn	879	15	154	154	-1	Cosmo	.170	35	32	32	-1%	FFPiY	.170	70	91	73	-1%	MerScY	.176	175	175	175	-1
edHdC	44	155	154	154	-1	Cronus	.14	31	133	132	-1%	FFPiZ	.141	435	31	31	-1%	MerScZ	.03	53	334	334	-1
utRnx	1	256	56	51	-1	CrosTr	.80	447	254	256	-1%	FFPiA	.15	12	7	17	-1%	MerScAA	.356	14	194	194	-1
warec	49	7	7	7	-1	CumBk	.90	115	121	114	-1%	FFPiB	.15	12	7	17	-1%	MerScAB	.10	10	10	10	-1
merGr	55	74	74	74	-1	CumBr	.94	71	23	22	-1%	FFPiC	.16	2	4	4	-1%	MerScAC	.140	177	177	177	-1
ntek	1291	224	224	224	-1	Culfum	.56	85	264	265	-1%	FFPiD	.70	20	20	20	-1%	MerScAD	.01	177	204	204	-1
water	51	16	16	16	-1	Cycare	.56	2	201	20	-1%	FFPiE	.70	21	23	23	-1%	MerScAE	.10	173	204	204	-1
ntekGp	.20	51	44	44	-1	D	.26	105	105	105	-1%	FFPiF	.82	44	34	34	-1%	MerScAF	.112	41	41	41	-1
zcm	2.20	63	48	48	-1	D	.33	104	105	105	-1%	FFPiG	.65	80	105	105	-1%	MerScAG	.84	40	241	241	-1
RCom	.90	16	17	16	-1	D	.46	146	14	135	-1%	FFPiH	.3	173	174	174	-1%	MerScAH	.2	167	467	467	-1
ckph	1.38	52	324	314	-1	D	.512	234	234	234	-1%	FFPiI	.447	15	12	12	-1%	MerScAI	.44	137	134	133	-1
cafig	.80	96	81	81	-1	D	.13	x201	106	106	-1%	FFPiJ	.184	118	211	211	-1%	MerScAJ	.04	122	221	221	-1
caRay	.80	50	52	52	-1	D	.24	x140	106	107	-1%	FFPiK	.105	205	254	254	-1%	MerScAK	.04</				

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CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

FOREIGN EXCHANGES

Financial Times Conferences

THE THIRD PROFESSIONAL PERSONAL COMPUTER CONFERENCE

London—October 30 & 31 1985

Keynote speakers at the FT 1985 Professional Personal Computer Conference will be Dr Robb Wilmet, Mr Benjamin Rosen, Ms Victoria Levi and Mr A. E. Santelli, the vice-president of Entry Systems, IBM Europe. Marketing and selling the personal computer will be debated by Mr Vinton Freddley from Computerland Corporation and Mr David Broad, director-general of the British Microcomputer Manufacturers Group.

THE STRATEGIC DEFENCE INITIATIVE AND EUREKA

London—November 4 & 5 1985

The Strategic Defence Initiative is to be the subject of an FT Seminar for senior managers from companies in the defence industries and in related businesses. The Initiative will be explained and evaluated but the main purpose of the Seminar is a discussion of how firms from Europe and Japan can position themselves either alone or in partnership with American corporations to secure contracts in this major research programme. The Eureka proposal and what may develop from it will also be considered and there will also be assessment of the commercial "spin-offs" that may derive from the SDI.

Lord Chalfont, whose book on the SDI is to be published at the time of the Seminar, will be in the chair and Dr George Keyworth of the White House and Dr Gerald Yorke of the SDIO are to contribute papers. Mr Michael Clark of Plessey is to speak in his capacity as a leading European industrialist and Dr Alan Puckett of Hughes Aircraft is to discuss SDI and trans-Atlantic collaboration from the standpoint of a significant business player. Mr Earle Williams, president and chief officer of BDM International will be speaking as a consultant heavily involved in American thinking on the Initiative and practical guidance to intending participants is to be provided by two experts from the Booz Allen Bethesda office.

The Seminar, to be held at Skinners' Hall in the City of London, is limited to 100 participants and the proceedings will not be reported.

All enquiries should be addressed to:

The Financial Times
Conference Organisation
Minster House, Arthur Street
London EC4R 9AX

Tel: 01-621 1355 (24-hour answering service)
Telex: 27347 FTCONF G
Cables: FINCON LONDON

LONDON

THREE-MONTH EURODOLLAR \$100,000 Sums of 100%					
	Closes	High	Low	Prev	Prev
Sept 5/20	91.50	91.50	91.20	91.50	91.20
Sept 12/20	91.44	91.51	91.20	91.43	91.20
March 20/20	91.23	91.18	91.18	91.20	91.20
June 20/20	90.95	90.78	90.54	90.97	90.94
Estimated volume 1,000 (1,000)				3,497 (2,007)	
Previous day's open int. 13,403 (19,701)					
25-YEAR 12% NOTIONAL GILT £200,000 Sums of 100%					
	Closes	High	Low	Prev	Prev
Sept 12/04	112.04	112.04	112.02	112.02	112.02
Dec 11/16	112.22	112.22	112.18	112.21	112.15
March 11/20	112.23	112.22	112.18	112.20	112.15
June 11/20	112.20	112.18	112.12	112.18	112.12
Estimated volume 1,024 (1,494)					
Previous day's open int. 1,003 (1,653)					
20-YEAR 12% NOTIONAL GILT £200,000 Sums of 100%					
	Closes	High	Low	Prev	Prev
Sept 12/04	112.04	112.04	112.02	112.02	112.02
Dec 11/16	112.22	112.22	112.18	112.21	112.15
March 11/20	112.23	112.22	112.18	112.20	112.15
June 11/20	112.20	112.18	112.12	112.18	112.12
Estimated volume 1,024 (1,494)					
Previous day's open int. 1,003 (1,653)					
STERLING 250,000 Sums of 100%					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
Previous day's open int. 7,388 (7,288)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.95	92.97	92.97
Estimated volume 2,000 (2,000)					
U.S. TREASURY BILLS (IMM)					
	Closes	High	Low	Prev	Prev
Sept 12/04	92.95	93.04	92.95	92.97	92.97
Dec 11/16	92.95	93.04	92.95	92.97	92.97
March 11/20	92.95	93.04	92.95	92.97	92.97
June 11/20	92.95	93.04	92.9		